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## ***Global Mindset***

### ***Dimensions, Measurement, and Leadership Effectiveness***



VRIJE UNIVERSITEIT

**Global Mindset  
Dimensions, Measurement, and Leadership Effectiveness**

ACADEMISCH PROEFSCHRIFT

ter verkrijging van de graad Doctor aan  
de Vrije Universiteit Amsterdam,  
op gezag van de rector magnificus  
prof.dr. L.M. Bouter,  
in het openbaar te verdedigen  
ten overstaan van de promotiecommissie  
van de faculteit der Economische Wetenschappen en Bedrijfskunde  
op donderdag 8 december 2011 om 13.45 uur  
in de aula van de universiteit,  
De Boelelaan 1105

door

Wim den Dekker

geboren te Zwijndrecht

promotor:	prof.dr. P.G.W. Jansen
copromotoren:	dr. C.J. Vinkenburg
	dr. S. Khapova

*Success is all in the mindset*

Vijay Govindarajan and Anil K. Gupta  
Financial Times, February 27, 1998

Voor Rosanne en Anne-Fleur



## Voorwoord

Dit proefschrift is een afsluiting van een lange periode waarin ik vele avonden en weekenden voor diverse opleidingen heb gestudeerd, waarvan circa zeven jaar voor dit promotieonderzoek. De werk- en familiesituatie maakte het mij soms lastig een proefschrift te schrijven. Naast een drukke baan en het hebben van een gezin met jonge kinderen was het bijna een onmogelijke opdracht om 's avonds laat nog "even" aan de slag te gaan met een promotieonderzoek. Het voelde soms als een "eenzame strijd", waarbij er naast steun die ik kreeg voor het werken aan mijn proefschrift het soms ook een kwestie was van "gedogen", zowel thuis als op het werk. Natuurlijk heeft het werken aan een proefschrift mij ook heel veel plezier en interessante contacten opgeleverd. Daarnaast heb ik enorm veel geleerd. Dit leren begon toen ik met Frits Kluijtmans die destijds zelf ook net was gepromoveerd in gesprek raakte over het uitdiepen van een bepaald onderwerp in een promotieonderzoek. Ik was net mijn opleiding WO - Bedrijfskunde aan het afronden. Hij beloofde dat als ik hiervoor een goed cijfer zou halen hij mij zou introduceren bij een hoogleraar. En hij heeft woord gehouden. Na ontvangst van mijn bul met een mooie cijferlijst en scriptie kon ik een afspraak maken met Paul Jansen. Ik had echter nog wat globale ideeën over een onderwerp en soms dacht ik of ik er niet te vroeg aan was begonnen. Gelukkig gaf Paul mij alle ruimte om hierover na te denken en langzaam groeide het idee om een praktijkprobleem in mijn toenmalige werk als Senior HR Advisor bij Rabo International wetenschappelijk te onderzoeken. In die tijd werd ik vaak betrokken bij het selecteren en ontwikkelen van managers en professionals voor een internationale functie. Wanneer een persoon voor het eerst een opdracht in het buitenland uitvoert is het risico van mislukken groter dan bij mensen met jarenlange ervaring in werken en wonen in het buitenland. Echter, eens moet het de eerste keer zijn dus hoe bereid je iemand hierop voor? En nog belangrijker: hoe selecteer je als bedrijf de juiste persoon? In eerste instantie zocht ik naar een middel dat de bank eenvoudig kon inzetten om, alvorens iemand naar het buitenland te zenden of te benoemen in een functie met wereldwijde verantwoordelijkheden, in een vroeg stadium te toetsen of een dergelijk avontuur realistisch is. Daarnaast vond ik het interessant te weten waarom sommige managers succesvol waren in een global management positie en anderen minder of zelfs niet. Literatuur legde vooral de nadruk op interculturele vaardigheden terwijl de praktijk uitwees dat ook een bepaalde manier van kijken naar de business belangrijk was. Al lezende en studerende in verschillende artikelen en boeken ontdekte ik dat onderzoekers telkens vanuit een specifiek perspectief keken naar het ontwikkelen van global managers en dat daardoor er nog veel "gaten" waren in de "body of knowledge" van de internationale managementliteratuur. Tijdens bestudering van literatuur over global leadership ontdekte ik dat het hebben van een "global mindset" een belangrijke eigenschap is voor een manager die werkt in een internationale context. Echter, vijf jaar geleden was over dit onderwerp nog maar weinig bekend en nog steeds bestaat er veel verwarring over wat een global mindset is, waar het uit bestaat, hoe je het



kunt meten en wat de relatie is met effectief leiderschap. Een ideaal onderwerp voor een proefschrift. En een onderwerp dat mij tot op de dag van vandaag boeit.

Een global mindset kan omschreven worden als een “set” van attitudes dat bestaat uit een positieve houding van managers ten opzichte van (1) het wereldwijd zaken doen op basis van gestandaardiseerde concepten en daarbij rekening houdend met de specifieke wensen van lokale klanten, (2) het structureren van de wereldwijd opererende organisatie waarin de belangen van het hoofdkantoor en die van de buitenlandse vestigingen op basis van gelijkwaardigheid en in het belang van de klant tegen elkaar worden afgewogen, (3) het integreren van de eigen perspectieven en wijze van werken met die van anderen in de organisatie als gevolg van hun verschillende culturele achtergronden, en (4) het rekening houden met de verschillende tijdzones waarin collega’s op de wereldwijd verspreide kantoren werken. Uit deze eenvoudige omschrijving blijkt al dat een global mindset een complex multidimensionaal concept is en lastig te vertalen naar operationele kenmerken. Het is daarom niet verwonderlijk dat in de literatuur er vele opvattingen over het begrip rondzingen, bijna net zoveel als er auteurs zijn. Het doel van dit proefschrift is om het concept “global mindset” te beschrijven, te verklaren, en te onderzoeken of, en zo ja in welke mate, het bijdraagt aan effectief leiderschap. Na een uitgebreide literatuurstudie worden er drie veldstudies uitgevoerd: één kwalitatief en twee kwantitatieve onderzoeken. De reden voor de keuze voor empirische studies is dat een empirisch onderzoek een grotere verklarende waarde kan hebben dan de vele conceptuele studies en voorschrijvende (Amerikaanse) literatuur met betrekking tot dit onderwerp. De eerste twee onderzoeken zijn uitgevoerd binnen Rabo International waar ik destijds werkzaam was, het derde onderzoek is uitgevoerd bij PwC in Nederland. De onderzoeksresultaten laten zien dat global mindset inderdaad een samenstelling is van attitudes zoals hiervoor beschreven. Daarnaast zijn er nog twee andere “sets” van attitudes gevonden. Tevens blijkt o.a. dat global mindset wel belangrijk is voor effectief leiderschap maar dat ook andere factoren hierop van invloed zijn. Net als effectief leiderschap wordt ook de invloed van een global mindset bepaald door de context.

Nu mijn proefschrift is afgerond kijk ik moe maar voldaan terug op een periode van hard werken maar ook van veel leren en het kunnen opbouwen van een netwerk van interessante relaties. Aan veel mensen ben ik veel dank verschuldigd want ook al is het schrijven van een thesis een individuele klus, het zou nooit mogelijk zijn geweest zonder de hulp van vele anderen. Ik heb daarom niet de illusie compleet te zijn in mijn dankwoord dus bij voorbaat wil ik iedereen die een rol heeft gespeeld in de realisatie van mijn promotie bedanken. In het begin van de studie hebben velen mij inspiratie gegeven of inhoudelijk geholpen. Ik dank Frits Kluijtmans die mij heeft geïnspireerd tot het ondernemen van een promotieonderzoek. Ik dank Ruud Nijs, Rutger Schellens en Maarten Rosenberg: enkele senior managers die een directe bijdrage hebben geleverd bij de totstandkoming van de vragenlijst. Maar ook andere global managers, leden van de Managing Board van Rabo International en enkele leden van de Raad van Bestuur van de Rabobank Groep hebben hun kostbare tijd beschikbaar gesteld

voor de ontwikkeling van de Global Mindset Questionnaire. Een speciaal woord van dank voor de managers en medewerkers van verschillende business units van de Rabobank die de eerste versie van de Global Mindset Questionnaire hebben ingevuld. Bart de Ruigh ben ik erkentelijk voor zijn interessante contacten. Walter de Zeeuw, lid van de Raad van Bestuur van PwC ben ik dankbaar voor het mogelijk maken van het derde onderzoek waarin het onderzoeksmodel en de Global Mindset Questionnaire nogmaals werd getest. En natuurlijk ben ik Casper van Leeuwen en Melanie van Hemert zeer erkentelijk voor het meedenken en het enthousiasmeren van betrokkenen in de PwC organisatie. Vanzelfsprekend ben ik de managers van PwC dankbaar voor het invullen van de vragenlijst. Ik dank Han Koppelaar en de medewerkers van bureau Isiz voor hulp bij het technisch uitvoeren van het onderzoek en het verwerken van de data. Ook wil ik de leescommissie, bestaande uit Prof dr Tom Elfring, Prof dr. Leon de Caluwé, Prof Simon Dolan en Prof dr. Jan-Pieter van Oudenhoven, danken voor het lezen en becommentariëren van het manuscript. Een speciaal woord van dank gericht aan mijn begeleiders van de Vrije Universiteit Amsterdam. Drs. Peter Dekker heeft mij zoals veel promovendi geholpen bij het maken van analyses van de onderzoeksresultaten. Copromotor Dr. Svetlana Khapova dank ik voor het conceptuele meedenken en bij het structureren en reviseren van het manuscript. Al vanaf het begin van het project heeft copromotor Dr. Claartje Vinkenburg mij vaak nieuwe inzichten gegeven. Haar scherpe en kritische opmerkingen waren soms nodig om mij weer op het goede pad te krijgen. Een speciaal woord van dank richt ik tot Prof dr. Paul Jansen, mijn promotor. Het is fijn om een professor te hebben die begrijpt hoe lastig het soms is om naast het intensieve dagelijkse werk een promotieonderzoek uit te voeren. Het is geweldig om telkens weer op hem terug te mogen vallen voor nieuwe motivatie en inspiratie. Elk mens heeft een leermeester nodig en ik ben dankbaar dat hij die rol in mijn promotieonderzoek heeft willen vervullen. Natuurlijk is een dankwoord niet compleet zonder mijn schoonouders, broers, zussen en verdere familie en vrienden hierin te betrekken voor hun begrip en de ruimte die ik kreeg om dit project af te ronden. Vooral thuis was het best wel eens moeilijk om niet toe te geven aan de huiselijke gezelligheid en de warmte van het veilige nest. Rianne, het is nu voorbij: het grote werk is gereed. Hopelijk is het ons gegund om nog lang van elkaar, onze kinderen en dit resultaat te genieten. En ik denk aan mijn ouders, Piet en Annie. Ik wil hun danken, niet alleen voor het zijn maar ook voor het feit dat ik mag promoveren. Helaas mogen ze dit niet meer meemaken. Ze zouden zeer trots zijn geweest.

Mijn proefschrift is opgedragen aan mijn twee dochters, Rosanne en Anne-Fleur. Opdat jullie “mindset” gericht mag zijn op het ontdekken en verder ontwikkelen van jullie capaciteiten. Mijn wens is dat alles wat jullie in je ouders waarderen in jullie harten mag voortbestaan.

Wim den Dekker

Barendrecht, augustus 2011



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# 1 Introduction

## 1.1 Leadership in a globalizing world

For centuries, the business environment of a great number of managers was shaped by only local market demands, local distribution, and domestic sales. Consequently, formulating the company's strategy, organizing decision-making processes, and implementing control systems was originated from a managerial scope that did not cross the national borders of their countries. However, as a result of globalization processes, today's business environment increasingly becomes the whole world or at least the sum total of the environments of every nation in which the manager's company operates (Miroshnik, 2002). This simultaneous presence of worldwide business and the specific environment of every nation in which the multinational company operates determines the complexity of a manager's contemporary business environment (Prahalad & Doz, 1987). Globalization processes force managers to scan the market from a global perspective and to develop a thorough understanding of where worldwide business is heading. At the same time, managers need to be aware of business developments within specific countries. These local market demands, as with differences in customer needs, differences in distributions channels, market structures, and host governments demands force managers to also be responsive to national business developments as well.

As companies globalize, managers need the capacity to understand increasingly complex patterns in the global business environment and the ability to build and maintain organizational networks on the global and local levels simultaneously. Companies generally lack a sufficient number of managers who are able to lead their organizations into the global business environment (Harvey et al., 2000; Gregersen et al., 1998). When leading globally, and working effectively across cultural and geographical distances, managers need the capacity to formulate and communicate a shared vision and the ability to inspire a multicultural and often worldwide dispersed workforce (Davis & Bryant, 2003; Deal et al., 2003; Kedia & Mukherji, 1999; O'Hara-Devereaux & Johansen, 1994). They are also required to develop an integrative perspective on cultural diversity and local and global business developments. This notion of interconnected worldwide and domestic developments in the context of globalization has been labelled "transworld connectivity" or "supraterritoriality" (Scholte, 2005). People aware of this globalization logic are "global conscious" (Robertson, 1992), that is, they have an awareness of what is going on in the world and an ability to expand their "frame of reference". This frame of reference, or "state of mind" is often referred to as a *global mindset* (e.g. Govindarajan & Gupta, 2001; Levy et al., 2007a; Maznevski & Lane, 2003; Rhinesmith, 1996; Srinivas, 1995). Levy et al. (2007b, p.27) define a global mindset as 'a highly complex cognitive structure characterized by an openness to and articulation of multiple cultural and strategic realities on both global and local levels, and the

cognitive ability to mediate and integrate across this multiplicity'. Although this idea of "worldmindedness" is not new (Sampson & Smith, 1957), it was Aharoni (1966) and Kindleberger (1969) who first related managerial cognitive abilities to organizational performance, while Perlmutter (1969) was the first to describe the mindset of senior executives using his typology of multinational companies. According to Levy et al. (2007b), global mindset is a multidimensional concept characterized by cognitive structures that shape the cognitive abilities of individuals and guide their behavior. Bird and Osland (2004) state that a global mindset is not the only property of an individual required to ensure appropriate behavior. Therefore, they propose a conceptual model in which knowledge, traits, and mindset are fundamental to interpersonal and system skills, and translate into effective managerial behavior. A global mindset is often related to global managers because they set the company's strategic direction and influence the globalization of the business and human resources (Adler & Bartholomew, 1992; Aycan, 2001; Conner, 2000; McCall & Hollenbeck, 2002). This set of managerial attitudes toward globalization processes is considered an essential quality for global managers; not only in the late 1960s through the early 1980s (Black et al., 1999b; Das, 1983; Maisonrouge, 1983; Perlmutter, 1969), but also in today's business (Den Dekker et al., 2008; Pucik & Saba, 1998). There is increasing recognition that developing managers with global mindsets is important for companies' global competitiveness. Managers with global mindsets who are able to formulate a competitive global business strategy, to design an effective worldwide organization, to align the corporate culture so as to support this strategy, and to mobilize geographically dispersed and multicultural workforces are often called "global leaders" (Rhinesmith, 1996). The major corporate challenge then is to select managers with the appropriate qualities and to build new programs of leadership development. At the same time, the scientific challenge is to conduct research to explore and understand this concept and to build new theories on global mindset and leadership development.

Companies differ in this degree of internationalization and in this developmental stage of international human resource development (Adler & Ghadar, 1990; Sullivan, 1994). Consequently, they differ in the degree to which they offer cross-border and cross-cultural experiences to their managers. The literature on repatriation indicates that companies often lack suitable opportunities to appoint expatriates into attractive positions after foreign assignments (e.g. Forster, 2000; Stroh et al., 2005). Nevertheless, these global assignments provide managers with opportunities to learn global leadership competencies which would enable them to take on more demanding roles in the company's senior hierarchy. As global experience is considered essential for executive leadership (e.g. McCall & Hollenbeck, 2002), there is, from an organizational perspective, a tension between short-term global staffing problems and long-term global leadership development. At the individual level, there is a tension between domestic career success on short term and global leadership effectiveness on the long term. Therefore, we propose the term "global career paradox" to reflect the dilemma of global leadership development. Related to this "global career paradox" is the

cultivation of a global mindset at both the corporate level and the level of individual managers. Although there is evidence of successful companies that are “born global” (Harveston et al., 2000), more often the global experience of a company’s top management is essential to increase foreign sales and to expand the company’s worldwide business activities (e.g. Carpenter et al., 2000; Reuber & Fisher, 1997; Sambharya, 1996). Therefore, managerial attitudes towards globalization and global mindsets are increasingly important in a globalizing world.

## **1.2 Motivation behind the study**

Managerial behavior, attitudes, and effectiveness have been the subject of many studies (e.g. Bass, 1990; Yukl, 2002). Studying the relationship between managerial attitudes, behavior, and effectiveness in the context of globalizing companies is a relatively recent development. As companies globalize, there is an increasing need for leadership capabilities to set a worldwide competitive corporate strategy, to communicate a shared vision that inspires a multicultural and distant workforce, and to integrate global and local business developments. Managerial behavior is often evaluated in terms of the consequences for the organization in terms of performance, sales, market share, productivity, and so on. Yukl (2002) distinguishes three types of variables that are relevant for understanding leadership effectiveness: (1) characteristics of the manager, (2) characteristics of the followers, and (3) characteristics of the situation. Leadership effectiveness is related to characteristics of the manager in relation to contextual factors and refers to how a manager copes with demands, overcomes constraints, and recognizes opportunities (Stewart, 1982). The situational approach emphasizes the importance of those contextual factors that influence leadership processes. The situational variables of managers working in a transworld environment shaped by globalization processes are assumed to be: (1) the characteristics of the multicultural followers, (2) the nature of the transworld business environment, (3) the type of worldwide organization, and (4) the nature of the cross-border work. Research on situational determinants has been somewhat unsystematic which makes it difficult to examine the variables that shape aspects of the leadership situation. Therefore, this study elaborates on the situational approach of managerial behavior and leadership effectiveness. More specifically, it sets out to examine managerial attitudes shaped by globalization processes. We call this set of managerial attitudes, as a consequence of globalization processes the “global mindset”. In the literature, there is a clear knowledge gap on managerial beliefs and attitude formation in the context of globalizing companies. As Levy et al. (2007b, p.23) confirm, ‘The most significant discrepancy in the current literature involves the core properties of global mindset’. Both academics and people working in companies have studied global mindset to uncover the concept, its dimensions, its antecedents, its operationalization, and how it relates to managerial behavior. However, conceptual studies vary in their theoretical underpinnings and empirical research has reported inconsistent and

conflicting findings. Authors also differ on the level on which they conceptualize the construct (i.e., individual, group, or organization) and on the question whether the global mindset should be studied from a onedimensional or multidimensional perspective. This study examines the concept of the global mindset and its dimensions on the individual level of analysis. We also operationalize the construct by determining appropriate measures. Finally, we relate global mindset to leadership effectiveness by formulating objective and subjective criteria. Although situational determinants are considered to be important determinants of managerial beliefs and attitude formation, determining the relative importance of all the influencing factors on global mindset is beyond the scope of this research. Central to this study is examining the concept of the global mindset and its dimensions under conditions of rapid change, uncertainty, and complexity that characterize the transworld business environment. As research and theory on beliefs and attitude formation are well-documented, it is possible to examine global mindset and its dimensions based on this body of knowledge. Companies recognize that developing global leadership competencies and building global mindsets are essential to their competitive strategies (e.g. Bartlett & Ghoshal, 1989; Rhinesmith, 1996). However, what a global mindset is, and how it can be measured and developed, remains unclear (Levy et al., 2007b). Therefore, this thesis aims to bridge this gap in both theory and practice.

### **1.3 Research questions**

This study addresses managerial attitudes and effectiveness in the context of globalizing companies. Although performed in a business environment, the study has a social and organizational psychological nature, and takes the individual manager as the unit of analysis. After an extensive literature research, we describe three field studies that explore the global mindset and its relationships empirically.

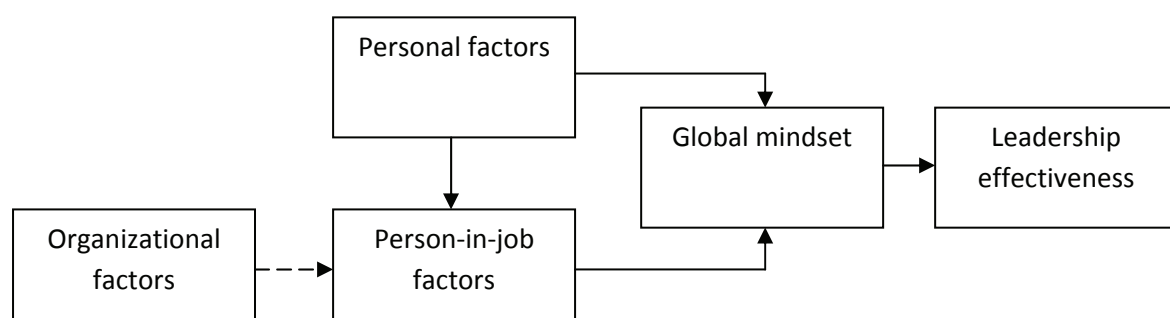
The primary objective of this thesis is to examine and measure the concept of global mindset and its dimensions, and to explain the expected relationship with leadership effectiveness. Therefore, the first step is to conduct interviews to identify global mindset, at the individual level, as the personal views of managers will be useful in determining global leadership capabilities (Bingham et al., 2000; Black et al., 1999; McCall & Hollenbeck, 2002). The second step is to operationalize the global mindset dimensions and find appropriate measures at the individual level based on literature and the results of the first empirical study. In order to test the validity of the measures, we collected quantitative data using the survey research method in a second field study. The third step is to relate global mindset to leadership using a number of effectiveness criteria. For this, a third empirical study was necessary to examine the nature of this relationship. The results of the three field studies will be described in the context of globalizing companies. Finally, we reflect on the results of the three empirical studies in order to describe the theoretical contributions in more detail.

To achieve our research objective, we developed and tested an instrument called the “Global Mindset Questionnaire” to measure managerial attitudes towards globalization processes and relate these to leadership effectiveness. Following the above, the general research problem is formulated as: *what is the relative influence of the individual global mindset on leadership effectiveness in the context of globalizing companies?* The research questions derived from this general research problem are as follows.

- 1 *What is an individual’s global mindset?*
- 2 *How can an individual’s global mindset be measured?*
- 3 *What is the relationship between an individual’s global mindset and the criteria for leadership effectiveness?*

In order to answer these questions, a literature review, a qualitative empirical study and two quantitative field studies, each in a different worldwide company operating in a globalizing environment, were performed. In this thesis, criteria for leadership effectiveness will be formulated at the individual level. More specifically, a manager’s individual performance will be examined rather than organizational performance. In Figure 1.1, the research model is presented. Although the main research objective is to examine the concept of global mindset, and its relationship with leadership effectiveness, we have also included personal factors and person-in-job factors. Since the literature suggests that these factors may explain the formation of a global mindset. As managers participating in our research were working in a globalizing environment we also took in organizational factors as background information whilst studying the research results.

Figure 1.1: The research model



In this study, concepts such as “organization”, “company”, “firm”, and “corporation” are considered equivalent. Further, a line between leadership and management is not strictly drawn. Although managers and leaders are sometimes considered as different entities,

following Mintzberg (1973), we conceptualize leadership as one of the managerial roles. Therefore, a global mindset is neither exclusively attached to leaders nor to managers, but conceived as an essential quality of the leadership role of a person. Subsequently, we consider global leadership to be one of the global manager's role. Finally, in this thesis, concepts such as "perspective", "state of mind", "frame of reference", and "mindset" are considered interchangeable.

## **1.4 Importance of the study**

### **1.4.1 For research and theory**

There are four reasons for studying managerial behaviors and attitudes, and developing management theory. First, contributing to theory building and knowledge accumulation is a reason for doing research in itself. Second, as managers coordinate and control increasingly varied and massive resources, analyzing the nature of managerial activities becomes an important scientific activity. Third, although a global mindset is considered an essential global leadership quality, its concept and how it relates to effective managerial behavior is unclear. Fourth, elaborating on the relationship between managerial attitudes and leadership effectiveness, and developing a theoretical framework to explain this relationship, is a useful scientific project. The theoretical importance of this study may be seen in the advancement of theoretical developments and empirical findings in the areas of managerial attitudes and leadership in the context of globalizing organizations. Until now, there has rarely been any empirical evidence relating the individual global mindset to global leadership effectiveness. Conceptual studies, as Bird and Osland's (2004) framework of global competencies, indicate that effective managerial action in a global context has its foundations in the possession of adequate knowledge and an appropriate set of personality traits. Relevant global knowledge, along with the prerequisite traits, allows one to develop a global mindset. These building blocks of global competencies translate into interpersonal and system skills that make managerial behavior observable. This resembles those attitude theories in which personal factors such as personality traits and belief formation influence attitude formation (Fishbein & Ajzen, 1975), whilst one of the functions of attitudes is to guide managerial behavior (McGuire, 1969). However, general models of attitude formation and behavior are only rarely applied to frameworks of global mindsets because of the various understandings of the concept of global mindset in the literature. Another problem is the lack of empirical research that tests the concept of global mindset, its determinants, and the outcomes. The few empirical studies that exist each tend to have their own theoretical underpinnings, research designs, methodologies and operationalizations. Consequently, findings and theoretical implications are difficult to compare. This study examines the concept of global mindset as a global leadership quality, relates it to leadership effectiveness, and tests this relationship empirically. As global leadership and global mindset

models and theories are still in their infancy, this thesis adds to knowledge accumulation and theory building. Further, scholars working in global leadership education could use the results to develop educational programs and teach relevant and appropriate competencies.

#### **1.4.2 For individuals**

Studies on managerial behaviors and attitudes can provide individual managers with greater insight into their own possibilities and limitations and may help them to increase their own effectiveness. Building global mindsets is not only a task for a small number of executives at the highest level of an organization, it is also important for managerial levels lower down a company's hierarchy. There is no single global managerial role that needs a global mindset. Perhaps all managers in a worldwide company, despite their sometimes conflicting interests, should foster positive attitudes towards transworld business and an integrated approach of corporate headquarters and overseas subsidiaries. They should not allow corporate holy wars to be fought in the name of globalization. There is no single model for the global manager. Bartlett and Ghoshal (1992) distinguish four types of managers in today's transworld business environment based on their "transnational" organizational model that integrates global cost efficiency, local adaptation, and worldwide learning. First, there is the business manager who act as a strategist for the company, as an architect for the company's worldwide assets and resource allocation, and the coordinator of transactions across national borders. Second, the country manager whose responsibility is to be sensitive and responsive to the local market, to build local resources and capabilities, and to contribute and participate in global strategy development. The third type of manager is the functional manager who plays an important role in the company's worldwide learning by being the expert in their functional area, by "cross-pollinating" the best practices developed in various national units to make them corporate wide assets, and by developing and diffusing the company's resources, capabilities, and expertise rapidly around the world. The fourth type of manager is the corporate manager who plays a vital role by integrating the other three global managerial roles. The corporate manager is responsible for providing the company with an integrated vision, for identifying and developing talented people, and for fostering an organizational context that allows the business manager, the country manager, and the functional manager to perform effectively and to negotiate and resolve the trade-offs that their different global perspectives and responsibilities create. Hence, this study may be useful for all managers throughout a worldwide company because individuals who have a global mindset are more likely to be effective in a globalizing context.

#### **1.4.3 For organizations**

This thesis supports also companies. In general, research on managerial behavior supports



companies in terms of organizational design, job design, selection, matching people and jobs, development and training, performance appraisal, and other human resource management activities (Whitley, 1989). More specifically, as companies globalize, they need more managers who are able to set strategic direction, build and communicate a shared vision, and mobilize the company's assets and resources, which include a multicultural and geographically dispersed workforce. These managers need the global leadership abilities to take business global, to establish and maintain global networks, and to lead the growth of global organizations in today's dynamic transworld business environment (Harvey & Novicevic, 2004; Harvey et al., 2000; Kanter, 1995; Morrison, 2000; Osland, 2008b). As such, global leader competencies are considered essential assets in a company's competitive market position (Brake, 1997; Morrison, 2000; Von Glinow, 2001), and to effectively executing a globally dynamic strategy (Harvey et al., 2001; Lado & Wilson, 1994). However, in the near future, companies will face a shortage of managers with global leadership capabilities (Conner, 2000; Gregersen et al., 1998). To overcome this problem, companies need to attract, maintain, and develop managers with global leadership capabilities. Although the literature suggests that sending managers overseas through international assignments is the best way to develop their cross-border and cross-cultural capabilities, expatriation is accompanied by expensive individual investments that a company has to make in globalizing its workforce (Aycan, 2001; Oddou et al, 2000; Osland, 2001; Stroh et al, 2005). Regardless of expatriation costs, the high negative impact on the reputation of the individual and the company if a manager fails in a position with global responsibilities demands an adequate selection process including systematic assessment tools. As companies are facing a shortage of global leaders in the future, it is important to design leadership programs to develop sufficient numbers of managers with global leader capabilities. The task for the human resource function is to select and develop an adequate pool of global leaders. The Global Mindset Questionnaire, as developed in this study, may support in the selection of potential global managers in recruitment processes and the research findings could be used in global leadership development programs.

## **1.5 Structure of the thesis**

The structure of the thesis is as follows. As a manager's mindset is shaped by globalization processes, we start by exploring the situational determinants that influence the manager's work environment and leadership role. Therefore, Chapter 2 provides a broad background to globalization and how globalization processes have transformed the current thinking about leadership. It outlines the origins of global leadership and compares the global leader role with domestic and expatriate leadership. It also describes essential global leadership qualities and the relationship with leadership effectiveness.

In Chapter 3 we first explore the properties of a global mindset and then structure the

available literature. Then we explain the concept using attitude theories. The theory on attitude formation helps in understanding how the global mindset, as a cognitive attitude, is constructed by salient beliefs; while the theory on belief formation provides a deeper insight into the primary building blocks of attitude formation. We also address the role of global mindset in global leadership effectiveness by drawing on the literature. This theoretical chapter describes global mindset in terms of a personal mental construction that structures and evaluates new information based on cognitive processes. The evaluation function of attitudes explains how a person gives meaning to context. Furthermore, it explains how global mindset is mostly described and defined in conceptual studies. As our aim is to identify and describe global mindset empirically, the conclusion of Chapter 3 is that a qualitative field study is necessary.

In Chapter 4 we describe the first empirical component of this thesis. The objective is to identify the global mindset at the individual level by a qualitative field study and so answer the first research question: *what is a global mindset?* We describe how we conducted interviews with managers in leadership roles with worldwide responsibilities. The interview questions first address the differences between the roles of global leaders, expatriate leaders, and domestic leaders; followed by the managers' experiences in their global leadership role and the way they perceive the social and business environment. Chapter 4 concludes that the managers' changed perspectives can be compared with the core properties of what we call the "global mindset", and that the concept probably contains four interrelated dimensions.

The central issue of Chapter 5 is the development of an instrument to operationalize and measure global mindset. It addresses the second research question: *how is a global mindset measured?* To answer this question empirically, we conducted a quantitative field study in an international division of a Dutch bank. We describe the instrument design, based on our interview results and the literature, followed by a pilot study and an online questionnaire. The survey was sent to managers and professionals working in various departments within the bank's international division. We then describe the second refined version of the questionnaire based on the results of the survey. The complete instrument is referred to as the "Global Mindset Questionnaire". Finally, we describe a typology of mindsets based on our empirical findings. This typology consists of three distinct mindsets. The global mindset has an integrated perspective on global and local issues and developments, the local mindset emphasizes local concerns, and the universal mindset supports a centralized global approach.

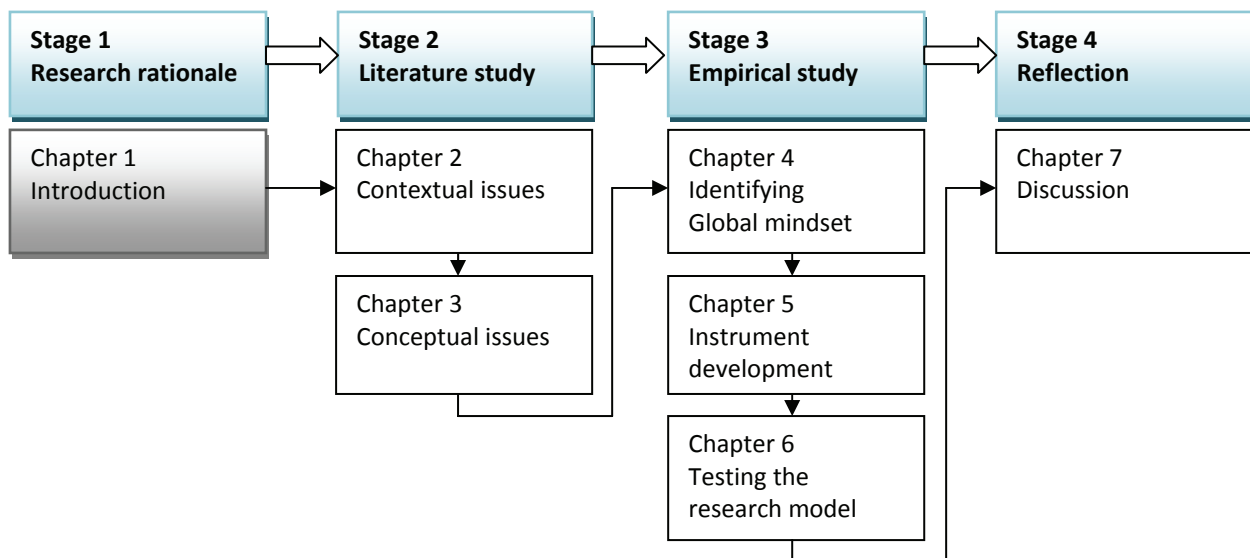
The research strategy, analysis, and results of the third empirical research component are addressed in Chapter 6. In this chapter we present the research model and research hypotheses in order to answer the third research question: *what is the relationship between the individual global mindset and criteria for leadership effectiveness?* In addition to criteria to measure leadership effectiveness, the research model also includes personal factors and

person-in-job factors to test whether they can explain some of the variance. Three research objectives guided this second quantitative field study. The first research objective was to assess the relative influence of global mindset on leadership effectiveness. The second research objective was to determine the level of the global mindset of managers of a worldwide operating financial service company participating in the survey in the Netherlands. The third research objective was to examine whether domestic and global managers differ in their global mindsets and leadership effectiveness. The personal factors and person-in-job factors, as well as the criteria for leadership effectiveness were then added to the Global Mindset Questionnaire.

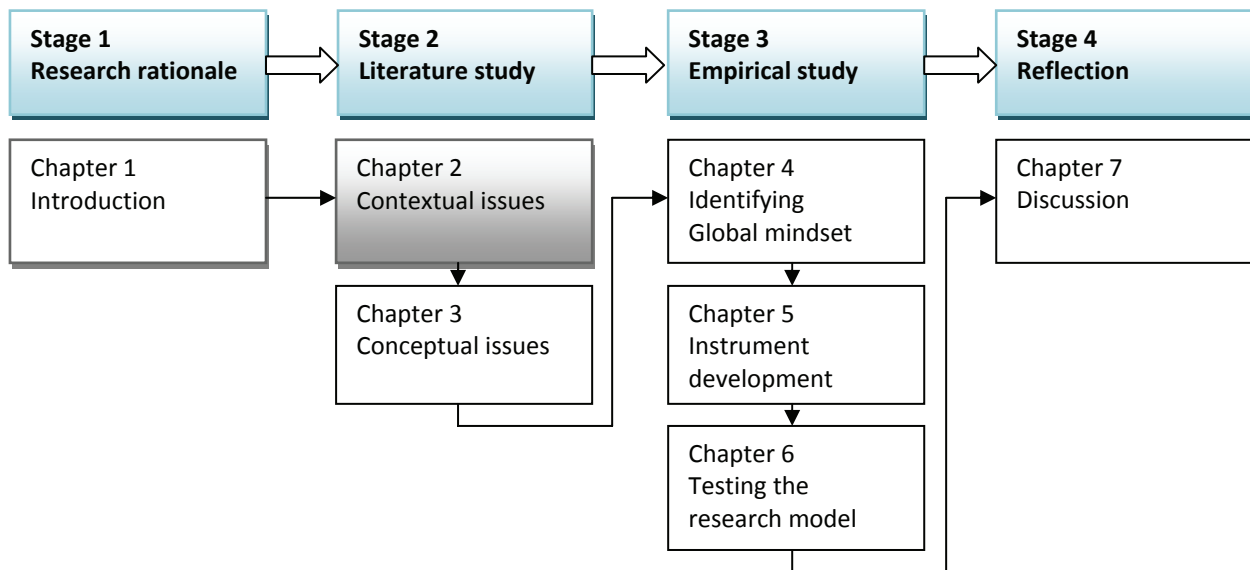
Finally, Chapter 7 reflects on the study by presenting a summary of the main findings and relates the research results to organizational factors in the context of globalizing companies. It also describes the contribution of this thesis to theory and to practice and it explains the limitations. The chapter concludes by providing suggestions for further research.

In Figure 1.2 we present the four research stages of this thesis. The first stage contains the research rationale and is described in Chapter 1. The second research stage addresses the literature study with regards to contextual and conceptual issues of the global mindset that are covered by chapters 2 and 3. The third research stage encompasses the three field studies as described in Chapters 4, 5, and 6. The final stage refers to the reflection on the research results in Chapter 7.

Figure 1.2 Research stages



## 2 Globalization and leadership effectiveness



### 2.1 Globalization

#### 2.1.1 Conceptions of globalization

The foundation of a global mindset lies in globalization which refers to the terms “global” and “globalize”. Derived from the Latin *globus*, the word “global” is over 400 years old. In the first decades of the twentieth century, terms like “globalize” and “globalism” appeared in the English language followed by the words “globalization” and “globalizing” two decades later (Scholte, 2005; Waters, 2001). It seems that globalization has no clear date of origination, although for some people, globalization is a manifestation of contemporary society since, from the 1850s, globalization processes accelerated through increasing global (distanceless) communication, the use of Internet, the rise of global markets, global finance, and increased global travel. All these developments have intensified social relationships on a worldwide scale. In this respect, Scholte (2005) speaks of “transworld connectivity”, that is, social relationships of people anywhere on the earth. Other authors consider globalization part of a longer process (e.g. Friedman, 2005). For instance, the establishment of world religions and the conception of the world as a single realm by some civilizations centuries ago can be regarded as early globalization. Scholte (2005) distinguished a number of broad conceptions of globalization that we have structured into three representations of globalization (1) globalization as internationalization, (2) globalization as universalization, and (3) globalization as respatialization. These representations are important for our global mindset study because the conceptual confusion surrounding the concept of globalization can be related to the different understandings of the concept of a global mindset.

The first representation of globalization views globalization as *internationalization*. Here “globalization” is described in terms of cross-border relations and a growth in transactions between countries. To a certain extent, globalization as internationalization refers to the international product cycle theory (Vernon, 1966), in which products are developed and manufactured for the domestic market and only subsequently sold abroad, but only on a macroeconomic level. This representation of globalization is one element of a broader configuration of transworld connectivity.

The second representation considers globalization as *universalization* which is a broader perspective than internationalization. In this usage, “global” means “worldwide”, and “globalization” is the process of spreading various objects and experiences to people in all corners of the earth. In this sense, we can speak of “globalization” of products, financial services, and cultural artifacts (e.g. the spread of Italian restaurants or American eating habits such as fast food). According to Scholte (2005), globalization as universalization is in favor of “global humanism”, a synthesis of national cultures around the world. It can also be related to *liberalization* in which “globalization” is interpreted as a process of removing officially imposed constraints on movements of people, capital, and ideas between countries in an economic integration process to create an open world economy in which territory has become “obsolete”. Some authors are in favor of this “one worldism”. For instance, Levitt (1983) asserts that products are becoming increasingly standardized as the world’s preference structure is relentlessly homogenized. According to Hedlund (1986), the world is increasingly confronted with “globality” which refers to the disappearance of the international dimension of business. For commercial and practical purposes, nations do not exist and the relevant business arena becomes rather like a large unified “home market”. Parker (1998) mentions an increase in the “permeability” of traditional boundaries. This idea of a “borderless world” is also a popular subject in management literature (Ohmae, 1990, 2005). Nationalists associate the worldwide standardization of products and the disappearance of borders with “globalism” which has a negative connotation. Another conception of globalization related to universalization is *Westernization* or *modernization* (Latouche, 1996). Within this idea, globalization entails the worldwide distribution of mostly Western concepts (capitalism, rationalism, industrialism, bureaucratism, individualism, and so on), thus eliminating existing cultures and local self-determination (Scholte, 2005). In negative terms, this conception of globalization is sometimes described as “imperialism”.

Authors representing the third representation believe that a greater degree of economic interconnectedness among the world’s economies does not have to include the disappearance of national borders. Following Scholte, we believe that globalization is not “globalism”, and that territorial space still matters. The financial crisis of 2008 – 2010 proved that, in a situation of economic decline nations are inclined to reestablish officially imposed constraints on imports. Globalization is also not universalization or Westernization because globalization does not entail standardization of products or the homogenization of preferences and a worldwide cultural, economic, legal, and political convergence.

Globalization does not reduce cultural diversity or the destruction of local self-determination, and “everywhere” on earth does not imply everywhere to the same degree. Globalization can have homogenized as well as heterogenized effects. Globalization does not threaten cultural plurality and does not lead not to Western cultural dominance. The world is becoming more and more united, although not necessarily increasingly integrated (Robertson, 1992). Therefore, Scholte’s view of globalization identifies globalization as *respatialization*. Following this interpretation, globalization entails a reconfiguration of social geography, with increased transplanetary connections between people, a transformation in the spatial organization of social relations and transactions. Scholte refers to deterritorialization and “supraterritoriality” as outcomes of today’s globalization, in which social relations between people transcend national borders while territory remains relevant for cultural identity and sovereignty. His notion of supraterritoriality includes an integrated and balanced perspective on simultaneously dispersing and converging developments. With globalization, people become more able to establish relationships anywhere on Earth, at any time, but countries retain their sovereignty and people possess their cultural identity. Hence, globalization influences the structure of social relations by transworld connectivity, but does not exclude the local heritage. Hannerz (1996) uses the term “interconnectedness” to describe this development, whilst Tomlinson (1999) proposes the term “global closeness”. This entails a process of “disembedding” or the “lifting out” of social relations from local contexts of interactions and their restructuring across indefinite spans of time and space (Giddens, 1990) and finally, a “respatialization” of social life (Scholte, 2005).

Following Scholte (2005), we conceive globalization as a “respatialization” of social life, a transworld connectivity involving supraterritorial social relations of culturally distinct people anywhere on earth. As such, our concept of global mindset is based on the conception of globalization as respatialization. From this perspective, globalization entails cultural pluralism in a broad human geography plus transworld economic relations and transactions between distant localities. Globalization shapes the framework in which people become aware of their environment, form beliefs and develop attitudes that are positively or negatively related to ideas, objects, and persons in this environment. In this notion of globalization, both the global and the local are part of transworld business, instead of one ruling the other. In this respect, we refer to “glocalization” (Begley & Boyd, 2003; Kefalas, 1998) representing the global and the local simultaneously.

### **2.1.2 Dimensions of globalization**

In the literature, globalization is often described in one or more dimensions. Robertson (1992) conceives of globalization in terms of the “compressions of the world”, the “intensification of consciousness of the world as a whole” and the “global interdependence of the global whole”. Giddens (1990) emphasizes the intensification of worldwide social

relations that link distant localities. Local happenings are shaped by events occurring many miles away and vice versa. For example, television enables people to witness social events happening anywhere on Earth at any time (McLuhan, 1960). Trends and developments now spreading the world over and also shape the attitudes and social relations of people living in open and closed societies. Distant events may affect the thinking and behavior of people on a worldwide scale. The local transformation is as much a part of globalization as the global extension of social connections. Waters (2001) refers to globalization as social processes in which the constraints of borders and geography on economic, political, social and cultural arrangements recede. From reviewing the literature, and the different manifestations of globality, we identify five dimensions of globalization: (1) a time - space compression, (2) economic developments, (3) political forces, (4) cultural trends, and (5) an increase of global consciousness. This makes globalization a multi-dimensional concept (Giddens, 1990; Robertson, 1992; Scholte, 2005; Tomlinson, 1999; Waters, 2001). We will now discuss these dimensions briefly.

First, the time and space dimension of globalization concerns the context that shapes the way people experience time in an arena of human action and experience. According to Scholte (2005), it is the “where” of social life. In premodern (western) societies both time and space were linked to a person’s immediate location, and what one could immediately perceive was the principle source for learning and social experience (Giddens, 1990). Travel was measured in terms of geographical distance from origin and local time. With contemporary globalization, the time taken to do things reduces, and this in turn reduces the experiential distance between different points in space (e.g.: every place on earth can be visited by plane within 24 hours). Consequently, time and space have gradually become two separate dimensions. Giddens (1990) calls this separation the “liberation” of time and space, while Harvey (1989) proposes the term “time-space compression”, that is, a “shortening” of time and a “shrinking” of space (e.g. 24 hour trading in dealing rooms around the world).

The second dimension of globalization involves transworld economic relationships and transactions. Globalization reshapes economic structures in the sense of business competition, product development, market expansion, and so on. It means a growing economic interdependence among countries, as reflected in the increasing cross-border flows of goods and services, capital and know-how (Bartlett & Ghoshal, 1989; Govindarajan & Gupta, 2001; Harvey et al, 2001; Porter, 1990; Prahalad & Doz, 1987; Pucik et al, 1992). Kanter (1995), identifies four broad processes associated with economic globalization: (1) the flow of capital, people, and ideas which have increased as a result of worldwide trade and investment (mobility), (2) the increased availability of goods and services in many places at the same time (simultaneity), (3) cross-border competition supported by easier international travel, deregulation, and the privatization of government-state monopolies, all of which increase alternatives (bypass), and (4) the relative decline of monopolistic “centers” of activities (e.g. centralized global headquarters) in favor of multiple and geographically



dispersed centers of expertise and influence (decentralization). Kanter defines this process as “pluralism”, while Scholte (2005) uses the term “polycentrism”. These four broad processes increase individual and organizational customers’ choices. Local customers with access to the best the world has to offer bring global markets home. In this sense, they strengthen the “globalization cascade” (Kanter, 1995), that is the mutually reinforcing feedback loops between global consumers and producers that accelerate globalizing forces.

The third dimension relates to transworld political forces. More specifically, the shift in the mode of governance and the changing nature of the nation-state in a globalizing world. Although some companies and governments proclaim free global markets and the process of removing state-imposed restrictions in order to create a transworld economy, the economic crisis of 2008 and 2009 increased awareness that state responsibility and private regulation are essential to retain trust and to reduce anti-global scepticism. Deregulation does not mean no regulation (Scholte, 2005). As such, globalization does not undermine the sovereignty of a state. At the same time, the private sector and civil society can also take on regulatory roles. Another relevant element of the political dimension is the politics of social structures: that is, power relations between age groups, between civilizations, between classes, between genders, between races, and so on (Scholte, 2005; Waters 2001).

Culture is the fourth dimension we identify. Hofstede (2001) conceives of culture as “collective programming of the mind”, something that distinguishes the members of one group or category of people from another. Therefore, culture can be described as “a way of life” and cultural processes as “the construction of meaning” (Tomlinson, 1999). A number of authors studying national cultures classify countries into culturally similar clusters (Hofstede, 1991, 2001; Kluckhohn & Strodtbeck, 1961; McClelland, 1961; Ronen & Shenkar, 1985; Trompenaars & Hampden-Turner, 1998). These cultural dimensions or value orientations (such as Hofstede’s power distance, uncertainty avoidance, individualism versus collectivism, masculinity versus femininity and long- versus short-term time orientation) shape the context of thinking and social action among members of nations. Globalization alters the context of meaning construction and social life on four levels of analysis (Robertson, 1992; Tomlinson, 1999; Waters, 2001): (1) on the level of individual human beings, (2) on the level of national societies, (3) on the level of the world system of societies, and (4) on the level of the overarching collectivity of the world system of societies (humanity in general). On the individual level, the influence of globalization on people’s way of life is sometimes associated with “one-worldism” or “cosmopolitanism”, involving a feeling of belonging to humanity as a whole and of a “global community”. Sometimes people are considered to be “global citizens” (Kanter, 1995; Kruempelmann, 2002; Robertson, 1992; Scholte, 2005). However, what “global citizenship”, with its civil rights and obligations entails is unclear as citizenship has historically been linked to a nation-state (Scholte, 2005). The term “cosmopolitan” has a negative connotation when it refers to a “happy few” that have the financial means to live across borders, while a lot of people lack social security and others have never made a telephone call in their lives (Scholte, 2005; Tomlinson, 1999). The influence of globalization



at the level of national societies has sometimes erupted with rejectionists reactioning in a process of nationalism. One form of rejectionist reply to globality is to call for economic nationalism to delink their country from global economic activities, especially when their own country's industries are declining in times of worldwide economic crises (e.g. the "buy American cars" campaign during the financial crisis of 2008 – 2010). On the level of the world system of societies, globalization is thought to impose a "global culture", "cultural synchronization", or "global uniformity". According to Tomlinson (1999), a global culture reflects the emergence of one single culture embracing everyone on earth and replacing the diversity of cultural systems that have flourished to date. The Western hegemony in global communication, global mobility of labor, global travel, and so on could easily generate the ideas of Western domination and cultural imperialism, and this initiated a number of rejectionist responses by non-Western societies, especially in the Middle East (Latouche, 1996; Waters, 2001). According to Samuel Huntington (1996), extreme rejectionist forces can even result in a worldwide "clash" of civilizations. However, the concept of "global humanism" has received a number of criticisms (Hannerz, 1996; Scholte, 2005; Smith, 1990) that are related to the ambiguity of the concept and skepticism about the idea of a universal culture dominated by the commodifying practices of Western capitalism. On the level of humanity, social relations transcend national borders and people establish non-territorial identities. Whereas national identities involve attachment to a particular homeland, other aspects of being, such as age, body condition, class, faith, gender, profession, race and so on, are not bound to territorial location (Scholte, 2005). A good example of cultural supraterritoriality is religion. Religion can be conceived of as how people interpret their lives (Tomlinson, 1999), and is not linked to particular territorially-based communities, but available everywhere with varying degrees of "orthodoxy" (Robertson, 1992).

### **2.1.3 Global consciousness**

A specific dimension of globalization is global consciousness. For centuries, people's social life was strongly determined by the "here and now" of their social affiliations. As a result of an increase in transworld connectivity through global communications (such as television) there has been a gradual shift in the way people construct their social world from a microcosmic (e.g. district or country) to a macrocosmic (e.g. region or worldwide) realm. Consequently, people start to conceive of the world as a single social place, something that becomes evident in events like global sports competitions, global exhibitions, global conferences, and global tours by music superstars, (Scholte, 2005). Transplanetary connections between people and the rise of supraterritorial social relations influence the way people mentally construct their social world and form attitudes through intersubjective communication with others. Robertson (1992) uses the term "revolution in consciousness" when describing the influence of media on the young and the process in which people become more aware of what is going on in the world. For example, in the summer of 1967,

the Beatles performed their single “All you need is love” on TV, and this was watched by millions of people across the world at the same time. To ensure almost simultaneous availability of the product for customers, planes distributed the record across the world within 24 hours of the broadcast. In 1966, pictures taken from outer space showed the earth as a single location. These events underline what Robertson (1992) calls the “shrinking” of time and space and the notion of the world as a “global village” representing the world as a single place in which everyone knows about, and therefore participates in, everything that is happening the minute it happens (McLuhan, 1960; McLuhan & Fiore, 1968; Waters, 2001). Television and the internet give the quality of simultaneity to events in the global village. Robertson (1992, p. 8) describes the term “global consciousness”, as ‘the receptiveness to (and understanding) of cultures other than one’s own, often as part of an appreciation of world socio-economic and ecological issues’. Globally conscious people regard the world as the principal source of their food supplies, their entertainments, their threats and their friends.

Global consciousness resembles the notion of “awareness” which is often used in international management literature to describe the process through which managers become aware of the broader business environment in which their business operations take place. According to Govindarajan and Gupta (2001, p. 111), it is a mindset in the context of different cultures and markets: ‘we would define a global mindset as one that combines an openness to and awareness of diversity across cultures and markets with a propensity and ability to synthesize across this diversity’. To them, openness refers to the ability to understand the diversity across markets and cultures, whilst the ability to synthesize requires the integration of this diversity. In this respect, global consciousness entails cognitive schemas in which new information is accommodated when it is consistent with the current mindset and subsequently reinforces this mindset or, if the new information is inconsistent with the current mindset, the information may be rejected or may change the mindset. In this case, individuals change their way of perceiving globality and globalization processes in terms of economic relations and transactions, of political developments, and of cultural pluralism in social relations.

## **2.2 Globalization of leadership**

### **2.2.1 Leadership**

Leadership has been extensively studied from various perspectives resulting in many different conceptions and theories (e.g. Bass, 1990; Bennis, 1989; Yukl, 2002). Leadership theories have evolved over time from studying traits of successful leaders to their actual behavior, from the “great man” approach to studies of leadership at different levels and in everyday working situations from an emphasis on the individual leader to a focus on the interaction between the leader and then followers, and on the situation in which that

interaction occurs (Sadler, 2003). As a result of the different conceptions, leadership has several meanings. It can refer to a social process, a personal quality, a role in groups and organizations and, when used as collective noun, to those responsible for the destiny of a country or a company (Sadler, 2003; Yukl, 2002). As leadership is not described in holistic terms, conceptualizations of the nature of leadership results in ambiguity and a plethora of definitions. This could be one of the reasons why no consensus on a clear definition of leadership has been established. According to Yukl (2002), leadership has been defined in terms of traits, behaviors, influence, interaction patterns, role relationships, and the occupation of an administrative position. Researchers who have attempted to define leadership differ considerably in their approaches and interpret results in different ways. Some scholars conceive of leadership as a specialized role and study leaders' attributes and behaviors, and their effect on followers in the group or organization. Leadership is related to the ability to influence, motivate, and enable others in order to build effective organizations (House et al., 1999). Others perceive leadership as a shared and diffuse process and focus on conditions that determine complex influence processes among members and the effects on the group or organization. According to Rost (1991), leaders and followers influence each other as they interact in noncoercive ways to decide what changes they want to make. Yukl (2002) conceptualizes leadership both as a specialized role and a social influence process meaning that any member of a group or organization can exhibit leadership at any time, but certain responsibilities and functions are considered as designated to selected roles in order to maintain group or organizational performance. As such, his definition of leadership is as follows (Yukl, 2002, p. 7): 'Leadership is the process of influencing others to understand and agree about what needs to be done and how it can be done effectively, and the process of facilitating individual and collective efforts to accomplish the shared objectives'. Yukl's definition includes three aspects relevant for understanding leadership: (1) the characteristics of the leader, (2) the characteristics of the followers, and (3) the characteristics of the situation. The characteristics of the leader are their traits (motives, personality, and values), confidence and optimism, skills and expertise, behavior, integrity and ethics, influence tactics, and attribution regarding followers. The characteristics of the followers include their traits (needs, values and self-concepts), confidence and optimism, skills and expertise, attributions about the leader, trust in the leader, task commitment and effort, and satisfaction with the leader and the job. The characteristics of the situation are the type of organizational unit, the size of the unit, position power and authority, task structure and complexity, task interdependence, environmental uncertainty, and external dependencies. These aspects are reflected in the challenges all leaders face in a company: (1) the challenge of overcoming resistance to change, (2) the challenge of brokering the needs of various stakeholders both within and outside the company, and (3) the challenge of setting norms that govern the behavior of people in the company (Bennis & Nanus, 1985).

A controversy concerning leadership is the discussion on leadership versus management dichotomy. Some authors distinguish leadership from management. For instance, Schein

(1992) states that leaders create and change cultures, whereas managers and administrators live within them. Bennis and Nanus (1985) argue that management and leadership are mutually exclusive and that managers and leaders are different people. They differ in personality, attitudes towards goals, conceptions of work, relations with others, and sense of self (Zaleznik, 1977). Other authors (e.g. Bass, 1990; Kotter, 1990; Mintzberg, 1973; Rost, 1991) believe that management and leadership are distinct processes, but that managers and leaders are not different types of people. These authors differ in their conception of how leadership and management relate to each other. Mintzberg (1973) assumes that leadership is one of ten managerial roles, while Kotter (1990) asserts that leadership and management differ in their characteristic activities. Similar to the discussion on leaders versus managers, some authors distinct global leaders from global managers, meaning that global managers may also be global leaders, if they are change agents and build a global community with a unified purpose, but not that all global managers are automatically global leaders (Osland, 2008a). Many writers do not make a distinction between the terms “global manager” and “global leader”. In this thesis, we consider global leadership as a specific interpretation of the concept of “leadership”. Following Mintzberg (1973), we conceptualize global leadership as one of the global managerial roles.

### **2.2.2 The influence of contextual factors on leadership**

Leadership is shaped by ongoing processes of globalization in terms of transworld connectivity, a time – space compression, economic, cultural and political forces, and global consciousness which are all changes that contribute significantly to the increased complexity of business (Govindarajan & Gupta, 2001; Kanter, 1995; Prahalad & Doz, 1987) and affect the stability of the work environment within companies (Thomas, 2002). For instance, as Evans et al. (2002) point out, the international competition in which the United States found itself, exploded from only 6 percent in the 1960s to over 70 percent by the end of the 1980s. According to Lane et al. (2004), the environment of globalizing companies is a manifestation of complexity derived from the three interrelated conditions of multiplicity, interdependence, and ambiguity. “Multiplicity” refers to the increased number of competitors, customers, governments, and stakeholders that a company has to deal with and the variety as a result of the geographic dispersion of their business activities. “Interdependence” addresses the transworld interconnectedness of capital, information, and people that increases the complexity of the business environment. “Ambiguity” involves the inability of a company to obtain, understand, and interpret all the information necessary to guide managerial behavior and to take appropriate action. These three interlinked manifestations of complexity, when operating together, have a multiplier effect that continually produces dynamic changes in the configuration of today’s business environment. Lane and his colleagues call this “the fast flux” because it represents the rapid and unpredictable changes caused by globalization processes. According to Govindarajan and

Gupta (2001) and Kefalas (1998), globalization can relate to several levels of aggregation: the worldwide level, the level of a specific country, and the level of a specific industry. In cascading down, the fast flux of globalization also affects the company's strategy and organizational configuration in terms of industry globalization drivers; that is, the underlying market, cost drivers, governmental drivers and competitive drivers (Yip, 1992). Finally it shapes the workplace of leadership in terms of demands, constraints, and choices. According to Kühlmann (2001), the implications of globalization for the workplace are change in job designs, restructuring of chains of commands, loss of job security, attention to international rules, and cross-cultural interactions. These implications are reflected in the factors shaping the globalizing context of leadership. Hence, leadership does not exist in a vacuum, it takes place in a social context. Studying leadership cannot be validly carried on from a purely psychological perspective but must be embedded in the context of effective organizations (Osborn et al., 2002; Sadler, 2003).

Stewart (1982), based on extensive research, proposed a model to describe managerial work in the context of organizational configuration. Her basic assumption is that demands, constraints, and choices shape the nature of the job and strongly influence leader behavior. In her view, "Demands" are what anyone in the managerial job must do. "Constraints" are characteristics of the organization and of the external environment that limit what managers can do. These include bureaucratic rules, policies, and other organizational restrictions placed on the manager, and legal constraints such as labor laws, environmental regulations, securities regulations, and safety regulations. Another type of constraint is the availability of resources, such as facilities, equipment, budgetary funding, supplies, personnel, and support services. In this respect, the geographic dispersion of the global company's facilities and resources limit the opportunities for immediate response and face-to-face interaction. "Choices" refer to the activities that a manager can elect to do. Stewart found situational determinants of leader behavior in terms of differences in the patterns of demands, constraints, and choices for different managerial jobs, that depended on aspects of the situation. These determinants are (1) pattern of relationship: the demands made on leaders by superiors, subordinates, peers, and external stakeholders that affect how they spend their time and meet role expectations, (2) work pattern: the extent to which leaders' jobs are self-generating or a response to expectations of important others, the amount of uncertainty in the work, the extent to which the work is repetitive rather than unique, the extent to which the leaders' attention for activities requires long periods of time, and the amount of pressure to meet deadlines, and (3) exposure: the amount of responsibility for making decisions with potentially serious consequences and the time before a mistake or poor decision will be discovered. According to Yukl (2002), although research on situational determinants and the constraints on leadership is unsystematic, which makes it difficult to compare and integrate across studies, it is still possible to identify factors that shape leadership behavior. These factors are (1) the level of management, (2) the size of the organizational unit, (3) lateral interdependence, (4) crisis conditions, and (5) stage in the

organization's life cycle. "Level of management" addresses the hierarchy in an organization. A manager at a high level in the authority hierarchy has more responsibility for making important decisions, including the determination of organizational objectives, planning of strategies to achieve objectives, determination of general policies, design of the organizational structure, and allocation of resources. Lower down the authority hierarchy, managers have less discretion and freedom of action. High-level managers are usually also more dependent on people outside the organization and spend more time interacting with outsiders. Consequently, the more the company expands their business abroad, the more that high-level managers have cross-border and cross-cultural contacts. The "size of the organizational unit" refers to the managers span of control in a company. Kottler (1982) found that managers of larger organizational units had more demanding jobs in comparison to managers of smaller units in terms of decision making as a result of a lack of detailed knowledge and constraints in terms of rules, procedures, and required authorization. Thomas (2002) states that the complexity of an organization is influenced by the number of different jobs in the organizational structure (horizontal differentiation) and the number of levels in the hierarchy of the organization (vertical differentiation). "Lateral interdependence" is the extent to which a leader's subunit is dependent on other subunits in the same organization, and the effect of external groups on leader behavior. An increase in lateral interdependence is expected to result in a larger number of contacts in other parts of the company and in a larger external network. "Crisis situations" and "stage in the organizational life cycle" (Greiner, 1972; Tushman & Romanelli, 1985) concerns the role expectations of various stakeholders in a manager's ability to meet the company's needs in situations of higher or lower pressure, to perform a difficult task, or to bring the organization to the next level of organizational development.

We add a sixth contextual factor to Yukl's classification of leadership determinants: "the company's developmental stage in the process of globalization". The more a company operates on a global scale, the more leadership is influenced by contextual factors. According to Thomas (2002), organizational complexity increases when an organization's physical facilities and personnel are geographically dispersed (spatial differentiation). Adler and Ghadar (1990) describe the developmental stages in international human resource management (HRM) and leadership development that occur as companies continue to expand their cross-border operations. In their view, companies start from a position in which the home country is the center of internationalization and HRM emphasizes domestic concerns. In the second stage, as companies start to internationalize, HRM becomes "multidomestic" and expats are sent abroad to control overseas business operations. Cultural adaptability becomes important, although managers with other cultural backgrounds are unable to climb the hierarchical ladder and home-country nationals encounter difficulties in re-entering domestic managerial positions when returning. In fact, expatriation has a negative influence on a domestic career. In the third stage, labelled "multinational", the company realizes a large part of its turnover abroad, and HRM and



leadership development is better equipped to support the international activities. However, the home country remains important, and central headquarters coordinates international careers. Trusted host-country managers are sometimes appointed to important managerial positions. In the final stage, labeled “global”, the company finds itself in a transworld business with a shared global strategy led by both global and local business units. Such a global company pursues an integrated strategy in which the organizational assets and resources are geographically dispersed and globally leveraged to produce optimal results for the overall organization (Bartlett & Ghoshal, 1989; Brake, 1997). HRM in global companies has a worldwide geographical scope, expatriation is an important means of developing future global leaders, and HRM policies are centrally coordinated. Adler and Ghadar’s model does not explain the globalization process of HRM in all situations since there are also companies which can be characterized as “born global” (Harveston et al., 2000; Nadkarini & Perez, 2007). Although their “stages model” is more prescriptive following Vernon (1966) and Johanson and Vahne (1977), than empirical, it still offers a means of classifying companies in their early stages of globalization and provides a useful representation of the influence of context on companies, HRM and leadership.

### **2.2.3 Global leadership**

Global leadership emerged from the international business literature and became a separate field of study in the 1950s (Toyne & Nigh, 1997). Approximately ten years later, the term global leader appeared in the English literature, reflecting a company’s worldwide market position (McCall & Hollenbeck, 2002). In the early 1990s, the word was used on the individual level to describe executives who possess the ability to guide the company into the global business arena (e.g. Kets de Vries & Mead, 1992; Tichy, 1992). After these initial mentions, the literature on global leadership increased (e.g. Mendenhall, 2008, Mobley et al., 1999; Mobley & Dorfman, 2003; Mobley & McCall, 2001; Mobley & Weldon, 2006, Osland 2008a, Osland, 2008b). Whereas literature on global leadership was mostly prescriptive and conceptual in the early 1990s, it was followed by empirical studies on identifying global leadership competencies (e.g. Brake, 1997; Dalton, 1998; Gregersen et al, 1998; Kets de Vries & Florent-Treacy, 1999, 2002; McCall & Hollenbeck, 2002; Wills & Barham, 1994, Yeung & Ready, 1995). However, Bird (2008) argues that a fundamental study on what global leaders actually do, like the groundbreaking work of Mintzberg (1973) regarding managerial behavior, does not exist. According to Osland (2008b), longitudinal research is also not available. Moreover, most of the present literature has not gone through a peer review process and is therefore difficult to judge in terms of rigor. Additional research is felt necessary to validate competencies and how they relate to behavioral effectiveness. As such, global leadership theory is an emerging body of knowledge, relatively new in the field of international management literature. Osland (2008b) provides a classification of empirical research on global leadership. As Osland explains, the term “global” in global

leadership refers to the geographic spread of business operations as well as intercultural aspects in terms of doing business and leading followers with different cultural backgrounds. Whereas leadership refers to the process of influencing others so that they understand and agree about what needs to be done and how it can be done effectively (Yukl, 2002), global leadership involves influencing the thinking, attitudes, and behavior of people from around the world (Adler, 2001). Osland et al. (2006, p.204) take a similar approach and define global leadership as 'a process of influencing the thinking, attitudes and behaviors of a global community to work together synergistically toward a common vision and common goals'. Beechler and Javidan (2007) also agree that leadership is a process of influencing individuals, groups, and organizations so that they contribute toward the achievements of the worldwide operating company. We agree with Mendenhall's (2008, p.17) broad definition of global leadership: 'Global leaders are individuals who effect significant positive change in organizations by building communities through the development of trust and the arrangement of organizational structures and processes in a context involving multiple cross-boundary stakeholders, multiple sources of external cross-boundary authority, and multiple cultures under conditions of temporal, geographical and cultural complexity'. Following Mendenhall's definition, global leadership contains reconciliation of the contextual complexity of the global business environment that involves crossing time and space, and the integration of many different cultural perspectives within a supraterritorial organization and a joint effort of global headquarters and local subsidiaries in pursuit of a shared transworld strategy.

The various global leadership definitions reflect the dynamic complexity of contemporary globalization that forces companies to reconsider their competitive position and to develop executives with the ability to lead globally in a complex, intercultural business environment (Adler & Bartholomew, 1992; Bartlett & Ghoshal, 1989; Lane et al., 2009). Executives are able to deal with dynamic complexity: they unravel multiplicity by balancing the global and local issues that occur in the global marketplace, they manage interdependencies by reconciling complex systems and integrating different organizational processes, and they reduce uncertainty by formulating and communicating a shared global vision and making adequate decisions (Mendenhall 2008, Rhinesmith, 1996). Global leaders are considered to possess the ability to take business global, to establish and maintain global networks, and to lead the growth of global organizations in the complex environments of emerging markets (Kanter, 1995; Osland, 2008b). A study among U.S. firms indicates that companies headed by CEOs with global work experience perform better than firms whose CEOs lack this experience (Carpenter et al., 2000). The key to global competitive advantage and success is developing global leaders (Stroh et al., 2005). Therefore, the concept of global leadership goes beyond bridging cultural and geographic distance. Global leader competencies are considered essential assets of a company's competitive market position (Brake, 1997; Morrison, 2000; Von Glinow, 2001), and in effectively executing a globally dynamic strategy (Harvey et al., 2001; Lado & Wilson, 1994). Morrison (2000) discovered that the more



companies pursue a global strategy in contemporary globalization, the more they need global leaders.

Black et al. (1999b), based on empirical research, found that as global companies anticipate expanding their global operations in the near future, these companies expect a shortage of global leaders. Conner (2000) reports a serious concern with developing sufficient global leadership talent to ensure a global company's future growth. To solve this problem, Harvey (1997), Harvey and Buckley (1997), and Harvey, Novicevic, and Speier (2000) propose a competency-based globally consistent staffing system that is based on the managerial resources of both headquarters and foreign subsidiaries. The purpose of this global staffing system is to develop an adequate pool of effective leadership to build and maintain a globally competitive business position. Thomas (2002) points out that the staffing strategy of a multinational company is affected by its stage of internationalization, country of origin, the size and the task complexity of its foreign subsidiaries, and the cultural distance of the affiliate from headquarters. Consequently, companies positioned in Adler and Ghadar's (1990) "domestic", "multidomestic", or "multinational" stages of globalization, and taking their home country as the starting point for cross-border activities, will experience more difficulties in developing global leaders than companies in the "global" stage. It is also suggested that global leadership skills are most effectively developed through expatriation (Mendenhall, 2001; Osland, 2001; Stahl, 2001). Hence, companies that operate from a global perspective and foster expatriation are more likely to develop effective global leaders and possess a higher degree of worldwide competitive advantage than home-country-oriented companies, led by ethnocentric executives. In the next section we study the various leadership roles in more detail.

#### **2.2.4 Differences between domestic, expatriate, and global leadership**

According to Osland (2008b), discussions on global leaders start by distinguishing how their role differs from that of domestic leaders, international leaders, and global managers. Compared to the domestic business context, global business is more complex as a result of the three interlinked manifestations of complexity that characterize the global business environment and the variety of distanced and intercultural relationships that executives need to establish and maintain in order to build their company's global competitive position (e.g. Bartlett & Ghoshal, 1989; Govindarajan & Gupta, 2001; Rhinesmith, 1996). Whereas the context of domestic leadership is the home country, in which domestic cultural values generally prevail, the context of global leadership is transworld business; the entire multinational company and its geographically dispersed people with many different cultural backgrounds. McCall and Hollenbeck (2002) provide an extensive list of differences between domestic and global jobs based on results of their empirical study involving 101 global executives who were nominated by their companies because they were considered to be

highly effective. These executives worked for 16 global companies and came from 36 countries. McCall and Hollenbeck found that global leaders differ from their domestic counterparts in the extent to which they manage social relationships between the company and its business environment, especially government and society. Although they assert that there is no universal set of global leadership competencies, they present a list of seven sets of essential competencies that differentiate global leaders from domestic leaders:

- being open-minded and flexible in thought and tactics;
- possessing cultural interest and sensitivity;
- having the ability to deal with complexity;
- being resilient, resourceful, optimistic, and energetic;
- operating from a position of honesty and integrity;
- having a stable personal life;
- possessing value-added technical or business skills.

Dalton et al. (2002) tested a number of variables related to effective global leadership skills. They surveyed 211 global and domestic leaders from 39 countries including all the major cultural regions (Ronen & Shenkar, 1985) who worked for four companies in Switzerland, the United States, and Sweden. In addition, they surveyed the leaders' superiors and reports about the leaders' performance effectiveness. When comparing the results from both samples, Dalton et al. (2002) found that a number of essential leadership capabilities are similar for both global and local leaders while another set of capabilities are specifically related to performance in global leadership roles. The authors attributed the differences to the complexity of the global environment. The four essential global capabilities are: (1) an international business knowledge, representing a solid understanding of business and how it is conducted in all locations in which the leader's company operates; (2) cultural adaptability, the ability to adapt one's behavior to cultural expectations in a certain situation; (3) perspective taking, or "cultural empathy", that involves the ability to alter one's meaning structure; and (4) the ability to innovate, to apply business and cultural knowledge and experience from new perspectives to create something new. Bird and Osland (2004) state that if a domestic manager takes on a global role, this person needs to adapt to the demands of global leadership. In a later publication, Osland and Bird (2006) argue that global leadership differs from domestic leadership in terms of issues related to: connectedness, boundary spanning, complexity, ethical challenges, dealing with tensions and paradoxes, pattern recognition, building learning environments, teams, and community, and leading large-scale change efforts – across diverse cultures. Mendenhall (2008) adds another aspect: global leadership differs from domestic leadership in the sense of living and working in a global context which can involve living and working constantly or temporarily abroad, or global travel. Experiencing global business, together with facing other social cultures than one is accustomed to, can trigger a transformational experience within managers (Oddou et al., 2000; Osland, 1995, 2001). Hence, the difference between global leadership and

domestic leadership is related to differences in the complexity and demands of the global and domestic context.

A number of authors have studied the interrelationship between global leaders and expatriate leaders. Expatriate managers<sup>\*</sup> are employees who have been sent by their employers to work and live outside their home country on temporary assignments to manage the company's foreign assets or for personal development (Osland, 2008a, Stroh, 2005). From the perspective of an overseas assignment, inpatriation can be compared with expatriation (Harvey et al., 2001). In contrast to domestic leaders, expatriate leaders face the challenge of living and working abroad. Some authors argue that global leaders have a broader range of skills than expatriate leaders (Adler & Bartholomew, 1992; Gregersen et al., 1998). When comparing global managers with expatriate managers, Pucik and Saba (1998) describe a global manager as an executive who has a thorough understanding of global business, an ability to work across cultural and organizational borders; whilst the expatriate manager's job is defined in a narrower situation. Expatriation takes place in a relatively limited context (i.e., one foreign country at a time). The expatriate is required to become knowledgeable about the host country's cultural, socio-political, and business environments, and to become competent in using the host language and managing good interpersonal relations with host nationals (e.g. Black et al., 1991). In contrast, global leaders must become knowledgeable about the worldwide business environment, and must familiarize themselves with socio-political and cultural context of many different countries. In addition, they need to be able to communicate in several languages and learn the skills necessary for managing a worldwide web of colleagues (Aycan, 2001). Although an expatriate leader has to cope with cross-cultural leadership situations, the person remains a one-culture expert. Therefore, according to Pucik and Saba (1998), the definition of an expatriate manager is linked to the location of the assignment, whereas global managers are defined by their "frame of mind". Kedia and Mukherji (1999) assert that a global manager is characterized by another way of thinking and has a global mindset. Adler (2001) agrees that a fundamental distinction is that global leadership is neither domestic nor multidomestic, but is characterized by a another way of thinking. Global leadership encompasses not only leading across cultures but also influencing people at a distance and leading global virtual teams across space and time (Davis & Bryant, 2003; O'Hara & Johansen, 1994).

Another difference between expatriate managers and global managers is the reason for a global assignment. Black and his colleagues (1999a) state that international assignments have three strategic functions: (1) succession planning and management development, (2) coordination and control of international operations, and (3) information flow and exchange between headquarters and subsidiaries, and among subsidiaries. Historically, expatriates were sent overseas to control the company's foreign operations (Black et al., 1999a; Harvey et al, 2001). In contrast, international (or global) assignments are important means for global

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<sup>\*</sup> The term 'expatriate manager' is often used as a synonym for 'international manager' (Forster, 2000; Pucik & Saba, 1998; Schneider & Barsoux, 2003).

leaders to leverage intercultural and global leadership skills. Therefore, a number of researchers believe that expatriation is an important means for global leadership development (Aycan, 2001; Black et al., 1999a; Gregersen et al., 1998; Mendenhall, 2001; Oddou et al., 2000; Osland, 2001 & 2008a; K hlmann, 2001). They view expatriate assignments from the perspective of transferring knowledge, skills, and abilities, from one context to many, as an invaluable exercise and an opportunity to accumulate experience toward becoming a global leader. To develop global leadership capabilities, companies send their managers to various overseas locations to acquire essential managerial and interpersonal skills. Global leaders learn to influence people across cultural and geographical distances. Harvey and Novicevic (2004) argue that global assignments contribute to the development of four types of global leader capital: (1) human capital – the skills and competencies that leaders need to have based on expert and referent power in their organization; (2) cultural capital – acceptance and social inclusiveness due to having tacit knowledge of how the organization operates; (3) social capital – the standing and concurrent ability to draw on standing to accomplish tasks in an organization; and (4) political capital – the ability to use power or authority and gain the support of constituents in a socially effective way.

Although some authors consider expatriation as a cornerstone of global leadership development, literature on the relationship between expatriate adjustment and global leadership competencies is still rare. However, the field of expatriate adjustment is much more developed than global leadership theories, and its relationship with global leadership needs more empirical research. Mendenhall (2001) proposes comparing competencies that are necessary to achieve success in an international assignment with global leadership skills. After reviewing the literature, he found a high degree of overlap between the determinants of expatriate adjustment and global leadership competencies in the fields of “interpersonal skills”, “business skills”, and “personal traits”. However, the overlaps in these three categories were not perfect. Distinctive global leadership competencies were “organizational structuring skills”, including “managing uncertainty”, “global organizational savvy”, “stakeholder orientation”, “creating learning systems”, “change agency”, and “managing cross-cultural ethical issues”. Osland (1995) also relates expatriation to global leadership competencies. In her transformational model in which expatriates “transform” as a result of an international assignment, she describes four changes: (1) positive changes in self, in terms of tolerance, patience, confidence, respectfulness, maturity, open-mindedness, competitiveness, adaptability, independence, and sensitivity, and decreased impulsiveness; (2) changed attitudes with respect to a broader perspective on the world, greater appreciation of cultural differences, increased realization of how fortunate they are, different attitudes toward work, and a feeling that life was now more interesting than before; (3) improved work skills, involving improved interpersonal and communication skills, especially better listening skills, improved management style, a better understanding of power, the ability to do higher-quality work, and broadened exposure to business; and (4)

increased knowledge, related to a broad range of topics in the field of global business and foreign countries. Oddou and Mendenhall (1991) found similar findings in their empirical research in which 135 expatriates were asked to report the “value added” of their international assignments. McCall and Hollenbeck (2002) asked global executives where they learned their cultural lessons. The results indicated that 76% of the lessons learnt were based on expatriate experience, followed by 19% from international experience, and only 5% from domestic experience. Also 54% of their business experience could be related to expatriation, while 22% was based on international experience and 24% came from domestic experience. To conclude, additional research is needed to examine the relationship between expatriate and global leaders in more detail, especially regarding the role of global mindset.

## **2.3 Global leadership effectiveness**

### **2.3.1 Essential global leadership qualities**

In the early 1990s, scholars started to identify global leadership skills that were essential to the competitive success of the globalizing company. In literature, this approach is often called the competency approach as it focuses only on one element of effective global leadership behavior. We view this competency approach as the first stage of global leadership research, similar to the first stage of domestic leadership research. The characteristic of the first stage of global leadership research is the content approach in which managerial behavior is studied by identifying competencies that are considered essential for global leadership development. The second stage of global leadership research addresses multidimensional frameworks. These frameworks are based on the premise that, besides competencies other leader characteristics should be included to explain effective managerial behavior, such as learning capabilities, personality traits, and attitudes. The third stage of global leadership research is characterized by studies that relate the multidimensional approach of leadership capabilities with some form of behavioral outcomes that is measured by one or more criteria. In this study, we examine the relationship between global mindset and criteria for leadership effectiveness. In the following sections, we first discuss the competency approach, followed by an overview of multidimensional frameworks. Then we address studies in line with the third stage of leadership research.

### **2.3.2 The competency approach**

The first stage of global leadership research started with a number of global leadership studies focused on the delineation of global leadership competencies, often based on empirical research or the personal experience of the authors (Goldsmith et al., 2003; Kets de Vries & Mead, 1992; McFarland et al, 1993; Marquardt & Berger, 2000; Mendenhall, 2001;

Moran & Riesenberger, 1994; Rhinesmith, 1993). Tichy et al., (1992) described managers as “true globalists” when they possessed a global mindset, a set of global leadership skills and behaviors, energy, skills and talent for global networking, the ability to build effective teams, and global change agent skills. Kets de Vries and Mead (1992) developed a list of global leadership qualities, followed by Rhinesmith (1993), who proposed a similar list based on his work with multinational corporations. Bartlett and Ghoshal (1992) published an article on the different roles that global managers should have in transnational companies, based on role-specific behavior. Adler (2001) focuses the attention of researchers on gender diversity in global leadership studies. Yeung and Ready (1995) published the first empirical study using the term “global leader”, although the respondents were not necessarily global leaders themselves. In a sample of 1,200 managers from eight nations and ten major corporations, the participants were presented with a list of competencies and asked to select those items that fitted their image of global leaders. Other empirical studies found other and similar, partly overlapping, global leadership competencies (e.g. Dalton, 1998; Goldsmith et al., 2003; Kets de Vries & Florent-Treacy, 1999; McCall & Hollenbeck, 2002). Mendenhall (2001) derived global leadership competencies from the conceptual and empirical studies of Adler and Bartholomew (1992), Black et al. (1999b), Brake (1997), Dalton (1998), Moran and Riesenberger (1994), Rhinesmith (1996), and Spreitzer, McCall, and Mahoney (1997) which he compared with determinants of expatriate adjustment. Mendenhall concludes that no research exists that delineates the exact nature of these interrelationships. As Beechler and Javidan (2007) and Osland (2008b) confirm, the lists of global leadership competencies are practically endless. Wills and Barham (1994) interviewed 60 successful senior executives from nine global firms to find essential global leadership competencies and found that international executives operate from a deep, holistic core competence that is composed of three integrated parts: cognitive complexity, emotional energy, and psychological maturity. They suggest studying global leadership qualities at a deeper level on the basis that behavioral competencies and skills are merely the outer layers of effective leadership behavior: focusing solely on behavior would be misleading. Concurrently, conceptual and empirical studies aimed to identify personal traits, cultural values, and attitudes that guide leadership behavior.

### **2.3.3 Multidimensional frameworks**

In the 1990s, there has been a shift in the content approach of global leadership research from identifying global leadership competencies to more comprehensive frameworks of global leadership characteristics. We label this the second stage of global leadership research. As Osland (2008b) and Wills and Barham (1994) argue, the competency approach does not fully explain long-term effective global leader behavior because it ignores other important leader characteristics. According to Boyatzis (1982) leader characteristics consists of personality traits, motives, cognitive skills, interpersonal skills, and certain behaviors.



Furthermore, cultural values are also considered to be important leader characteristics (Hofstede, 1994; House, 1999; Thomas, 2002).

The cultural dimension of global leadership is better described and documented than the strategic dimension and cross-cultural leadership models are still scarce. Most leadership theories are “culture free”, that is, leadership theories are often based on one culture, usually on American cultural principles which are not always effective in other cultures when managing cultural diversity (Dorfman, 1996; Hofstede, 1980, Thomas, 2002). National cultural values are seen as even more powerful than organizational cultures (Hofstede, 1991, 2001). According to Sadler (2003), in collectivist countries, like Japan, the conventional dichotomy of autocratic and participative management does not fit well with a culture in which leadership is frequently both autocratic and participative at the same time. These factors influence the way in which people interact with their environment and with each other and thereby condition the way they think – their “mental programming” (Hofstede, 1991). Nationality has a symbolic value to citizens that influences how one perceives oneself. That is, we all derive our self-identity, in part, from our nationality. Leadership models need to fit the cultures in which they are to operate. Dealing with this problem was one of the reasons for starting the GLOBE project, involving a multinational research team with 170 members who obtained data on indigenous leadership from 17,000 managers in 62 countries. The meta-goal of the Global Leadership and Organizational Effectiveness (GLOBE) project is to develop an empirically-based theory to describe, understand, and predict the impact of cultural variables on leadership and organizational processes, and the effectiveness of these processes. The researchers developed a new cultural framework composed of nine dimensions: performance orientation, assertiveness, future orientation, human orientation, institutional collectivism, in-group collectivism, gender egalitarianism, power distance, and uncertainty avoidance (Javidan & House, 2001). The GLOBE-project also found that different countries have both similar and different views on leadership. They identified lists of leader attributes that are universally acceptable, universally unacceptable, or culturally contingent (House et al., 1999, 2004; Javidan et al., 2006). Transformational leadership, a term coined by Burns (1978) has been found to exist and to be effective in a number of countries. Such leaders, regardless of culture, have a vision, are able to inspire followers to work toward that vision, and are able to organize the activities of followers to keep them focused (Hartog, 2004; Thomas, 2002 ). Transformational leadership can be seen as the key to global competitiveness because it recognizes the need for revitalization and overcoming the resistance to change, creates a motivating vision and aligns people across the worldwide company, and institutionalizes change by designing new global organizational structures and processes (Tichy & Devanna, 1986).

As behavior is not the only relevant aspect of global leadership qualities, a number of authors have developed multidimensional frameworks of global leadership qualities. Brake (1997), based on the global business literature and interviews, developed the Global Leadership Triad, which consists of three competency clusters that are essential for global

leaders: business acumen, relationship management, and personal effectiveness. The essence of his model is an integrated perspective on global leadership capabilities including global and functional knowledge and the ability to build and maintain collaborative relationships in a complex global network. At the center of the triad is the concept of the Transformational Self, a philosophy of possibility and personal engagement with the world – that is, a drive toward meaning and purpose through activity and an openness to change (Osland, 2008b). While perceiving the future as “an achievement”, Brake’s notion of global leadership is still grounded in American cultural values rather than cross-culturally endorsed leadership behavior.

The Global Explorer Model was developed by Black et al. (1999b) after interviews with over 130 senior executives in 50 firms based in Europe, North America, and Asia. Based on their findings, they proposed a model of global leadership that determines what capabilities global leaders need, and how companies can most effectively develop them. The result was the Global Explorer Model, which consists of the following global characteristics: “inquisitiveness”: eagerness to learn, being intrigued by diversity; “perspective”: embracing uncertainty and balancing tensions; “character”: the ability to connect emotionally with people of different backgrounds and cultures while consistently demonstrating personal integrity; and demonstrating “savvy”: global business knowledge and knowledge of the organization. Inquisitiveness is of the heart of the Global Explorer Model because it is the fundamental driving force behind global leadership success. According to Black et al, inquisitive people actively seek new information, investigate the world, question rather than confirm. They are motivated to learn, and enjoy seeking out new experiences.

Jokinen (2005) proposes an integrated theoretical framework of global leadership that includes three types or layers of competencies: a fundamental core, mental characteristics, and behavioral skills. Here, the fundamental core of global leadership consists of self-awareness, engagement in personal transformation, and inquisitiveness. These characteristics set the stage for the development of other competencies. The second layer in her framework consists of the mental characteristics that affect the way people approach issues and therefore guide their actions. These characteristics are optimism, self-regulation, motivation to work in an international environment, social judgement skills, empathy, cognitive skills, and acceptance of complexity and its contradictions. The final layer is behavioral, concerning tangible skills and knowledge that lead to concrete actions and results. The behavioral level includes social skills, networking skills, and knowledge.

The most complete and comprehensive model of global leadership is provided by Bird and Osland (2004), and is called “The Global Competency Model”. This consists of four levels, based on a foundation of global knowledge about the business a global leader is in, and how that creates value. It also includes knowledge about the political, economic, social, and technical environment. The first level, based on this foundation of knowledge, consists of four specific threshold personality traits: integrity, humility, inquisitiveness, and resilience



(Wills & Barham, 1994). These traits largely resemble the “Big Five” personality factors which are common in personality literature (Carver & Scheier, 2004). These traits are relatively stable and prove difficult for some people to learn, and can therefore be used as selection criteria. Level two consists of attitudes and orientations or, more specifically, the global mindset that influences the way global leaders perceive and interpret the world. In the authors’ view, global mindset encompasses cognitive complexity and cosmopolitanism (Levy et al, 2007a). In this framework, cosmopolitanism refers to the integration of various perspectives of culturally different others. Level three is composed of those interpersonal skills that global leaders need to cross cultures: mindful communication, creating and building trust, and the ability to work in multicultural teams. The top of the pyramid, level four, contains those system skills which are also critical for doing global work: spanning boundaries, building communities through effective change management, and ethical decision-making. The central focus at this level is the ability to influence people and the systems in which they work, both inside and outside the organization. After reviewing the competency approach and the multidimensional frameworks, we will now focus on the third stage of global leadership research.

#### **2.3.4 Effective global leadership**

More recently, researchers have started to relate global leadership to effectiveness and considered predictive validity and reliability (Bird, 2008). In this sense, a number of authors have developed instruments based on conceptual and empirical studies to measure global leadership characteristics and actual performance, and relate these to behavioral standards or expectations from one or more groups within an organization. We consider this group of studies to be the third stage of global leadership research by including the examination of the relationship between one or more elements of a global leadership theory and one or more criteria of global leadership effectiveness. Global leadership effectiveness and selection criteria have received much less attention than global leadership competencies (Osland, 2008b). Although research on global leadership has become more empirical than the prescriptive literature of the early 1990s, there is still little research on what effective global leaders really do and how their actual performance can be assessed. Hales (1986) points out that effectiveness refers to the extent to which what managers actually do matches what they are supposed to do. Farkas and Wetlaufer (1996) found, in their interviews with 160 CEOs from various countries, that leadership is driven not so much by what the leader is as a person but by what the business demands and the organization requires. Effective CEOs scan the business situation carefully, determine what the situation expects from its leader, and then follow the leadership approach that best meets the requirements. A manager who is able to meet the expectations of the various concerns of superiors is more likely to be effective (Tsui, 1984). Vinkenbunrg (1997) concludes that effective managerial behavior depends on how the manager behaves in terms of

organizational expectations of effective managerial behavior. There seems to be a consensus that no one set of personality traits or qualities is common to all effective leaders, and that effective leadership is not universal but depends on a wide variety of environmental and organizational conditions. That is, it is determined by the endless complexity of the various context in which it embedded (Osborn et al., 2002; Sadler, 2003). According to Yukl (2002), the effectiveness of a leadership style will vary according to the situation. This includes the general cultural setting in which leadership takes place, and the extent to which the values of society are ones that favor either autocratic or democratic forms of social control.

A characteristic of leadership effectiveness studies is the emphasis on competencies that relate to effective managerial behavior (e.g. Moro Bueno & Tubbs, 2004). Bird and Osland (2004) take a process approach, rather than a content approach, and describe the effectiveness cycle. They hypothesize that expert global managers are more effective than novice global managers because expert global managers consistently perform at a high level in all of the three phases: (1) perceive, analyze, diagnose – decode the situation, (2); accurately identify what managerial action would be most effective in this situation; and (3) possess the behavioral repertoire and flexibility required to act appropriately and then do so. The cycle repeats itself with each adjustment and adaptation that unfolds within the situation, and from one situation to the next. To become an expert global manager, a novice global manager needs to go through five evolutionary stages of mastery.

The problem with measuring leadership effectiveness is that the criteria for effectiveness considered can vary across organizations, units, and even situations or time. Further, researchers can use very different criteria or dependent measures for effectiveness (Vinkenburg, 1997). Whichever aspect of leadership effectiveness is most salient to the researcher often drives how leadership is defined, and the interpretation of the subsequent empirical findings. Traditionally, social scientists have measured leader effectiveness using a wide variety of outcome variables (Yukl, 2002), including net profits, profit margin, sales increases, market share, return on investment, return on assets, productivity, attitudes of followers, commitment, absenteeism, voluntary turnover, grievances, complaints, and job transfer requests. In this thesis, we use leadership criteria based on outcomes of the leaders' behavior in terms of job performance and career success. In Chapter 6, we describe these criteria in more detail.

## **2.4 Conclusion**

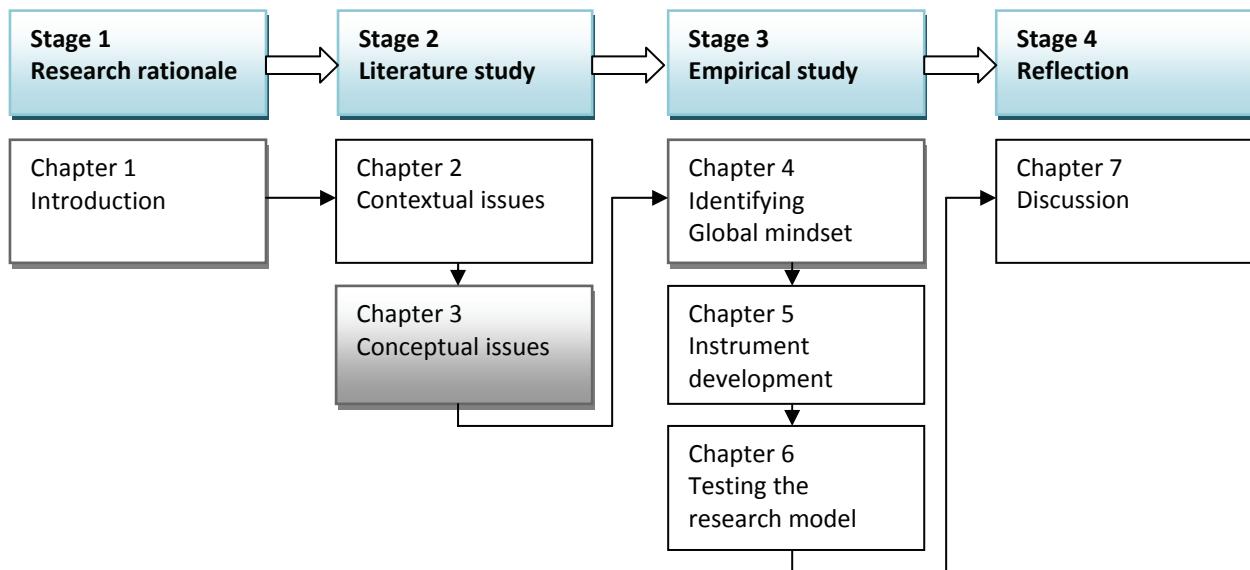
In this chapter, we have outlined conceptions of globalization and its dimensions to illustrate the complex and dynamic contextual factors that shape today's leadership demands in globalizing companies. Following Scholte (2005), we conceive globalization as a "respatialization" of social life, a transworld connectivity involving supraterritorial social relations of culturally distinct people anywhere on earth. Both the global and the local are

part of transworld business, instead of one ruling the other. Globalization shapes the framework in which people become aware of their environment, and form beliefs and attitudes that are positively or negatively related to ideas, objects, and people in this environment. One aspect of contemporary globalization processes is the origins of global leadership in the final decades of the twentieth century. As with the development of leadership theory, research on global leadership has evolved through subsequent stages over time.

The first stage of global leadership research, the competency approach, reveals unsatisfactory results in terms of understanding effective global leadership behavior and its relationship with global mindset. Lists of global leadership competencies are too long to be useful and they do not identify which competencies are important and which competencies are not. The value of the integrated theoretical frameworks from the second stage of global leadership research lies in the comprehensive overview of the interrelated and essential global leadership capabilities they offer. Although the Global Leadership Competency Model of Bird and Osland (2004) has not yet been empirically tested, it is a useful constellation of knowledge, personality traits, attitudes and skills for global leadership development. For our purposes, it also indicates the relative importance of global mindset as an essential global leadership quality. The third stage of global leadership research, as we have identified provides another step forward in understanding leadership in a globalizing context. It considers the relationship of one or more essential leader characteristics with one or more criteria for leadership effectiveness. To conclude, both comparative studies and expatriate transformations contribute to global leadership development. However, additional research is needed to examine the relationship between the expatriate leader and global leadership in more detail, especially regarding the role of the global mindset.

When reviewing conceptual and empirical global leadership literature, there seems to be a consensus that a global mindset is important for managers who cross many geographical and cultural borders. This is reflected in strategic leadership behavior and cultural appropriate behavior. However, what a global mindset is, and how it relates to global leadership effectiveness, remains unclear. Therefore, the next chapter explores the concept of global mindset as an essential global leadership quality in more detail.

### 3 Global mindset: theoretical backgrounds



#### 3.1 History and definitions

Although the term “global mindset” only surfaced in American literature in the last decade of the twentieth century, its conception as a certain “worldview” had already appeared in the 1920s (Sampson & Smith, 1957). Sampson and Smith (1957) developed the “Worldmindedness scale” that involved a value orientation, a frame of reference, or interest, in a worldview of problems of humanity. Based on the idea of “world citizenship” (Murphy, 1945), they distinguish the concept of “worldmindedness” from “international mindedness” the latter referring to interest in or knowledge of international affairs. Sampson and Smith consider international mindedness to be a more narrow concept than worldmindedness, although they leave a discourse on the differences to other authors. The worldmindedness scale resembles, to a some extent, the notion of “global consciousness” as described in Chapter 2. In the decade after Sampson and Smith’s article, the ideas of global consciousness and worldmindedness appeared in the economic and business literature. Aharoni (1966), Kindleberger (1969), and Fayerweather (1969) all describe the notion of global mindset in terms of cognitive abilities and a predisposition of senior managers in multinational companies in relationship with firm performance. However, it is Perlmutter’s (1969) typology of managerial mindset that is widely regarded as the starting point of global mindset studies (Govindarajan & Gupta, 2002; Kedia & Mukherji, 1999; Levy, 2007a). In the 1970s, research on this subject remained scarce.

**Table 3.1: Global mindset definitions**

*Geocentrism is a world-orientation that does not equate superiority with nationality and is a worldwide approach in both headquarters and subsidiaries. Geocentrism is expressed by function, product, and geography (Perlmutter, 1969).*

*A predisposition to see the world in a particular way, set boundaries, question the rationale behind things that are happening around us, and establish guidelines to show how we should behave (Rhinesmith, 1992, 1995, 1996).*

*A cognitive structure or mental map that allows a CEO to comprehend the complexity of a firm's worldwide environment (Calori, Johnson, & Sarnin, 1994).*

*Centricity is a person's attitude towards foreign cultures (Calof & Beamish, 1994).*

*The cognitive processes that balance competing country, business, and functional concerns (Murtha, Lenway, & Bagozzi, 1998, based on Prahalad & Doz, 1987, and Bartlett & Ghoshal, 1990).*

*A set of attitudes that values sharing information, knowledge, and experience across national, functional, and business boundaries and balancing competing country, business, and functional priorities that emerges in the globalization process (Pucik & Saba, 1998).*

*A state of mind able to understand a business, an industry, sector, or a particular market on a global basis (Jeannet, 2000).*

*A set of deeply held internal mental images and assumptions which individuals develop through a continuous process of learning from experience (Paul, 2000).*

*One that combines an openness to and awareness of diversity across cultures and markets with a propensity and ability to synthesize across this diversity (Govindarajan & Gupta, 2001).*

*The ability to develop and interpret criteria for personal and business performance that are independent from the assumptions of a single country, culture, or context: and to implement those criteria appropriately in different countries, cultures, and contexts (Maznevski & Lane, 2003).*

*A highly complex cognitive structure characterized by an openness to and articulation of multiple cultural and strategic realities on both global and local levels, and the cognitive ability to mediate and integrate across this multiplicity (Levy et al, 2007a).*

Although Maisonrouge (1983) suggested that managers should integrate, into their business perspective, the broader outlook of a responsible world citizen and asserted that a global perspective is an essential quality for a manager's success, it took Prahalad and Doz (1987) to refocus the attention on studying global mindset as a "frame of mind" or cognitive structure. Subsequently, Bartlett and Ghoshal (1989) published their ground-breaking work "Managing Across Borders" followed by an article on a "matrix in the minds" of managers (1990) that led to a series of publications and the term "global mindset" was born (Rhinesmith, 1992; Tichy et al, 1992). After the recognition of global mindset as an important global leadership capability, research on this subject increased dramatically (e.g. Beechler & Javidan, 2007; Kedia & Mukherji, 1999; Levy et al., 2007b; Rhinesmith, 1992, 1993, 1995,

1996). The initial publications were based on different understandings of global mindset, and resulted in conceptual confusion about the concept. In the first decade of the twenty-first century, Govindarajan and Gupta (2002), Maznevski and Lane (2003), and Levy et al. (2007a) attempted to describe and structure the global mindset and its dimensions while Arora et al. (2004) conducted a survey to measure the construct on the individual level of analysis. Bouquet (2005) provided the first overview of global mindset definitions. Two years later, Levy et al. (2007a) catalogued the literature and reviewed the conceptual confusion surrounding the construct. Table 1 illustrates this plethora of global mindset definitions. A global mindset is described as a predisposition (Rhinesmith, 1992, 1995 & 1996), a cognitive ability or structure (Calori et al., 1994; Gupta & Govindarajan 2002; Levy et al., 2007a; Murtha et al., 1998; Prahalad & Doz, 1987; Tichy et al., 1992), an attitude (Calof & Beamish, 1994; Perlmutter, 1969; Pucik & Saba, 1998), state of mind (Jeannet, 2000), mental images (Paul, 2000), mentality (Bartlett & Ghoshal, 1989), frame of mind (Bartlett & Ghoshal, 1990), inquisitiveness (Gregersen et al. 1998), or behavior (Bouquet, 2005; McCall & Hollenbeck, 2002). Kefalas (1998, p.556) mentions the term “glocalization”, indicating a simultaneous attention to global coordination and local responsiveness that he also described by the phrase “think globally and act locally”.

Global mindset is considered an essential global leadership quality from three perspectives: (1) as a general disposition; (2) as a prerequisite for global strategy making and corporate administration; and (3) as a guide to appropriate intercultural behavior. As a general disposition, Oddou et al. (2000) state that to become a global leader, it is essential to transform one’s mindset, that is, transform in the way one perceives and acts toward one’s external environment. As a prerequisite for global strategy making and corporate administration, a manager with a global mindset is considered to possess a “bigger picture” on global markets (Rhinesmith, 1996), to bring a global perspective to understanding the global marketplace and to have a broader view of the business and the world (Adler & Bartholomew, 1992; Conner, 2000); to coordinate global efficiency and local responsiveness (Bartlett & Ghoshal, 1989, 1990); to bring an openness to the global business environment (Gregersen et al, 1998); to understand the business on a worldwide basis (Jeannet, 2000); to expand managerial cognition (Levy et al., 2007b; Murtha et al., 1998); and to balance country, business and functional priorities (Pucik & Saba, 1998). In guiding appropriate intercultural behavior, a global mindset supports managers in improving their cultural sensitivity (Conner, 2000); to think outside one’s cultural view (Boyacigiller et al, 2004); and to integrate other cultural perspectives (Gupta & Govindarajan, 2002).

Global mindset is described on the corporate and on the individual level. On the corporate level, global mindset refers to the aggregated mindset of certain company members, often the key and dominant decision-makers (Begley & Boyd, 2003; Bouquet, 2005; Gupta and Govindarajan, 2002; Kedia & Mukherji, 1999; Levy, 2005; Nummela, 2004; Paul, 2000). There are only a few empirical studies available that test the global mindset on the level of a top management team (Bouquet, 2005; Fletcher, 2000). A number of authors have studied the

relationship between the international experience of a company's management team and the internationalization of their business operations (Harveston et al., 2000; Reuber & Fisher, 1997; Sambharya, 1996, Tung & Miller, 1990). A number of authors found a positive relationship between global mindset and a company's overall performance (Bouquet, 2005; Caloff & Beamish, 1994; Harveston et al., 2000; Kobrin, 1994; Nummela et al. 2004; Stroh and Caligiuri, 1998). Using Kobrin's measure, Beechler and colleagues (2004) found a positive relationship between perceptions of geocentrism and employee commitment in two Japanese multinational companies. However, empirical research at the individual level of analysis is even scarcer. To summarize, as a concept, the individual global mindset differs from the corporate global mindset and it is related to certain measurable outcomes. In this thesis, we study the global mindset at the individual level of analysis. A few conceptual studies have explicitly linked globalization processes with the corporate and individual global mindsets (Annathram & Chatterjee, 2004; Chatterjee, 2005; Srinivas, 1995).

In the literature, four studies have been identified that measure the global mindset at the individual level: (1) Murtha and colleagues (1998), (2) Govindarajan and Gupta (2001), (3) Arora and colleagues (2004), and (4) Nummela and colleagues (2004). Only three of the scales developed in these studies are empirically tested. Murtha and colleagues (1998) were the first to measure global mindset at the individual level. Their measure is based on the works of Prahalad and Doz (1987) and Bartlett and Ghoshal (1989). They conceive global mindset as a cognitive attitude toward three dimensions: integration, strategic coordination, and local responsiveness. Murtha et al. (1998) analyzed a sample of 305 managers working in a multinational company. Their longitudinal study revealed that global mindsets evolved over a three-year period as the company further developed a global strategy. The change resulted in a cognitive shift toward a more global mindset across all managers in the organization. The scale of Murtha et al. (1998) can be characterized as an integrated global – local approach to global mindset from a strategic perspective. Govindarajan and Gupta (2001) and Gupta and Govindarajan (2002) formulated six diagnostic questions based on the idea of knowledge structures with two primary attributes: differentiation and integration. Differentiation in knowledge structures refers to the narrowness versus breadth of knowledge that the individual brings to a particular context. Integration in knowledge structures refers to the extent to which the person can integrate disparate knowledge elements. A global mindset then is characterized by high integration in contexts where differentiation is also high. Their questions cover only the cultural dimension of a global mindset and have not yet been tested empirically. Arora et al. (2004) developed a questionnaire using the ideas of Kefalas (1998), Kefalas and Neuland (1997), Kefalas and Weatherly (1998), Gupta and Govindarajan (2002), and Rhinesmith (1996). Kefalas (1998) developed a conceptualization – contextualization matrix in which conceptualization refers to the construction of mental models of the world, and a person's position in it, and contextualization, that is the way of adapting the mental models when acting locally. Arora et al. propose that a person with a global mindset is able to demonstrate global thinking in



local contexts, and be able to adapt global strategies to the needs of local environments. In a sample of 65 US textile managers, they found that managers were better in conceptualizing (thinking globally) than contextualizing (acting locally). We view their scale as multidimensional from both strategic and cultural dimensions. Nummela et al. (2004) use a different approach to the concept of global mindset by connecting managerial attitudes with the speed of internationalization. Their global mindset conception is measured using three dimensions: “proactiveness on international markets”, that refers to the anticipation of future problems, needs, and changes related to international markets; “commitment to internationalization”, and referring to the top manager’s concrete behavior related to international activities; “international vision” that refers to a manager’s opinion as to whether the company’s management sees the whole world as one big marketplace. Their scale was tested empirically in a sample of 72 small and medium-size Finnish companies. They found a significant relationship between international managerial work experience, a company’s market characteristics, and global mindset. They found no relationship between education and global mindset. However, their research results should be viewed from the conception of a global mindset that is based on the notion of globalization as internationalization, that is characteristic of the “Uppsala model” of sequential steps in foreign market entry (Johanson & Vahne, 1977). As such, the conception of global mindset by Nummela and colleagues is very different from that in the three other empirical studies. We will discuss the different understandings of global mindset in the next section.

## **3.2 Approaches to global mindset studies**

### **3.2.1 The international approach**

When reviewing the literature, three partly overlapping approaches to studying global mindset can be identified: (1) one that refers to a company’s foreign market entry, (2) one that is related to the complexity of global markets and the integration of worldwide business operations, and (3) one that has the ability to balance global and local concerns.

The first approach uses the term global mindset to indicate managers’ commitment to enter one or more foreign markets. The essence is that managers’ mindsets are based on the company’s domestic market position when entering foreign markets. This approach to global mindset research is reflected in three related conceptions: (1) the domestic mindset; (2) the international mindset; and (3) the multidomestic mindset. The “domestic mindset” (or “parochial mindset” in terms of Gupta and Govindarajan, 2002), is based on Perlmutter’s ethnocentric or home-country orientation (1969) and refers to the application of home standards in managing the worldwide activities, with an emphasis on nationalism and the superiority of the home country culture. A domestic mindset refers to the knowledge structures and experience of the top management team prior to starting international activities (Jeannet, 2000; Nadkarni & Perez, 2007). The domestic mindset and also the



closely related “international mindset” reflect many of the assumptions in the international product cycle theory (Vernon, 1966) and in the Uppsala model of the internationalization of firms (Johanson & Vahne, 1977; Johanson & Wiedersheim-Paul, 1975). Products are developed for the domestic market, and only subsequently sold abroad. Technology and knowledge are transferred from the parent company to the overseas operators, and offshore manufacturing is seen as a means to protect the company’s home market. The Uppsala model describes foreign-market entry as a learning process. The company makes an initial commitment of resources to the foreign market and, through this investment, it gains local market knowledge. On the basis of this market knowledge, the company calculates the opportunities for additional investments. The Uppsala model suggests that an increase in foreign market knowledge is positively related to a company’s international commitment. Consequently, managers have a low “psychic distance” to foreign markets (Kogut & Singh, 1988; Nadkarni & Perez, 2007). Luostarinen (1980) refers to a “cultural distance” among countries as a result of differences in work-related attitudes and values (Hofstede, 2001). The greater the differences in cultural traits, the more difficult it is to enter distant markets. The managerial challenge is to reduce cultural distance and to overcome ethnocentrism in senior management’s attitudes and behavior and to develop global mindsets. The mindset perspective of Nummela et al. (2004) can be seen as representative of this stream. Although they formulate the attitudinal aspect of a global mindset as the way management sees the whole world as one big marketplace, they actually refer to a company’s foreign market entry and export performance. The international mindset reflects the knowledge structures of one or more foreign markets (Jeannet, 2000). To a certain extent, the international mindset resembles Bartlett and Ghoshal’s (1989) “international mentality” that regards overseas operations as appendices to a central domestic company, which remains the intellectual and innovative source of business activities. The “multidomestic mindset” is based on Perlmutter’s (1969) polycentric (host-country) orientation and assumes that host country cultures are different and that foreigners are difficult to understand. Therefore, in managing worldwide activities, senior managers allow local managers relatively high authority in managing overseas markets and subsidiaries. According to Jeannet (2000, p.39), ‘managers with multidomestic mindsets are experienced internationally, but often they are very keen on displaying their superb knowledge of all the differences among countries they know’. The multidomestic mindset (or “multinational mentality” in the terms of Bartlett and Ghoshal, 1989) develops as managers start to recognize the differences among national markets. Companies with this mentality modify their products, strategies, and possibly even management practices country by country. Gupta and Govindarajan (2002) assert that when senior management is over focused on different countries, the inability to see the bigger global picture is inadequate. On this basis, they call the multidomestic mindset a “diffused mindset”.

### **3.2.2 The universal approach**

The second approach to global mindset involves the cognitive complexity of worldwide business operations and the development of cognitive maps to structure the complex environment. The underlying assumption is that national tastes and preferences are more similar than different, or that they can be made similar by providing customers with standardized products with adequate cost and quality advantages over those national varieties that they have been used to. Managers with this mentality subscribe to Levitt's (1983) argument that the future belongs to those companies that make and sell the same thing, the same way, everywhere. As the geographic scope of their companies increases, managers have to cope with this complexity through developing a global "map" that enables them to analyze the structure and the dynamics of the business environment (Eden et al., 1992). Calori et al. (1994) found that the cognitive maps of executive managers in companies with a global scope are more complex than those of executive managers in domestic companies. In this perspective, global mindset refers to the geographical distance of a company's global operations and the cognitive ability of their managers to integrate global complexity as a consequence of global business. Tedlow and Abdelal (2004) use the term "geographical distance" to indicate limitations to which markets can be penetrated with products and services. They also introduce the term "administrative distance" to describe world politics and governmental constraints on economic interactions. In contrast to domestic, international, and multidomestic mindsets, this second conception of global mindset is in favor of a worldwide approach when entering foreign markets and cultures. Managers with this kind of global mindset have the ability to see across multiple territories and focus on commonalities across many markets rather than emphasizing differences among countries. In this perception, it is importance to analyze markets on a global basis and to possess the ability to integrate complex worldwide dynamics and emphasize global coordination (Jeannet, 2000; Tichy et al, 1992). It views the world as its unit of analysis and it treats overseas operations as delivery pipelines to a unified corporate global market. Bartlett and Ghoshal (1989) call this mindset a "global mentality" which is a somewhat confusing as the term is similar to "global mindset". A related mindset is the "regional mindset" which reflects an extensive regional experience of a number of related markets, such as Europe or the Asia-Pacific region (Jeannet, 2000).

### **3.2.3 The multidimensional approach**

The third approach is characterized by its multidimensional perspective of the global mindset. Although writers differ in their perceptions of the concept and its operationalizations, they share the idea of balancing global and local concerns within the multinational company. This approach was initiated by Perlmutter (1969) when he described "geocentrism" or a senior managers' world orientation in which they do not equate

superiority with nationality. The ultimate goal is a worldwide approach in both corporate headquarters and the geographically dispersed subsidiaries. In a later publication, Heenan and Perlmutter (1979) added a fourth mindset to Perlmutter's original typology: the "regiocentric orientation" which emphasizes a joint approach in headquarters and regional operations. Bartlett and Ghoshal (1989) describe their "transnational mentality" in similar terms and refer to the concept of a "global mindset". The transnational mentality is responsive to local needs while retaining the global efficiency. It leads to a global competitive advantage in which costs and revenues are both important, and innovations can arise in many different parts of the organization. Therefore, instead of consistently centralizing or decentralizing assets, the transnational makes selective decisions. Bartlett and Ghoshal's definition of a transnational mentality implies an ability to balance complex forces in pursuit of a unique strategy. The idea of the transnational mentality strongly corresponds to Perlmutter's geocentrism, with the difference that Bartlett and Ghoshal focus on strategy and organizational processes while Perlmutter emphasizes senior managers' attitudes reflected in integrated global and local human resource policies. Prahalad and Doz (1987) emphasize managerial cognition in balancing tensions within the global integration of activities, that is, the centralized management of geographically dispersed activities on an ongoing basis, and local responsiveness, that is, the resource commitment decisions taken autonomously by a subsidiary in response to primarily local competitive or customer demands. Begley and Boyd (2003) resonate with a "glocal mentality" that refers to the ability to recognize when a situation calls for a consistent global standard, or a locally adaptive solution, or when an issue requires both elements. Their description is comparable with the global mindset concept of other authors.

### **3.3 Perspectives on the global mindset**

#### **3.3.1 The cultural perspective**

Following Levy and colleagues (2007a), we identify three perspectives on global mindset: (1) the cultural perspective; (2) the strategic perspective; and (3) the multidimensional perspective. The cultural perspective is based on the work of Perlmutter (1969), Heenan and Perlmutter (1979), and Chakravarthy and Perlmutter (1985) which was further developed by other researchers (Boyacigiller et al., 2004; Evans et al., 2002; Kobrin, 1994; Levy et al., 2007a). The idea behind the cultural perspective is that a managers' perception of people with other cultural values can be characterized by a set of positive attitudes towards such people and by trying to reconcile cultural differences. A number of authors equate cultural integration with "cosmopolitanism". The term "cosmopolitans" was used by Kanter (1995) to describe individuals who find commonalities across places in situations where globalization in one aspect of business leads to globalization in others. Cosmopolitans are comfortable in many places, possess portable skills, and have a broad outlook. They are able

to connect the local with the global. Managers with global mindsets address strategic business decisions as cosmopolitans: always considering the broader world picture rather than just the local situation. Kanter's description of cosmopolitans differs from that of Boyacigiller et al. (2004) and Levy et al. (2007a) in two ways. First, Kanter includes not only the cultural perspective in her notion of cosmopolitanism, but also the strategic perspective. Second, as she describes cosmopolitans as people who "bring the global to the local" and "connect local with the global", it indicates a universal approach to studying global mindset because local needs to adapt to the world. Although cosmopolitanism has a long history (Breckenridge et al., 2000; Vertovec & Cohen, 2002), the term has also had negative connotations (Levy et al., 2007a; Scholte, 2005; Tomlinson, 1999). Cosmopolitans have been considered as the "social elite" or "cultural heroes", and cosmopolitanism often includes "global citizenship": a selected group of, mostly rich, people that have the financial means to be "globetrotting nomads". In the 1990s, cosmopolitanism seemed to re-establish itself by refining its meaning (Breckenridge et al., 2002; Levy et al., 2007a). However, the concept of cosmopolitanism, and how it relates to cultural integration and the cultural dimension of global mindset, remains unclear. Therefore, in this thesis, we do not use the word "cosmopolitanism" to refer to the cultural dimension of a global mindset because the term has, historically, a different meaning, and further, introducing another term to the plethora of definitions and descriptions would not help to clarify the concept of global mindset.

When reviewing the literature, the cultural perspective on doing business globally (confusingly also called the "psychological perspective" by Evans et al., 2002) involves: (1) knowledge of many foreign culture's perspectives and an understanding of people with other values and practices as a result of their different cultural backgrounds; (2) an awareness of operating in a different cultural context and an openness to people with other cultural backgrounds in order to think more broadly than a single cultural view; and (3) the ability to accept and work with cultural diversity. First, having knowledge of many foreign culture's perspectives involves the understanding of people's perspectives and ways of responding as a result of different cultural values (Gupta & Govindarajan, 2002, Thomas, 2002). Adler and Bartholomew (1992) emphasize the importance of transnational managers acquiring a transnational scope in their cultural knowledge in order to improve their decision-making and other business skills. Second, an awareness of operating in a different cultural context refers to an openness to people with other cultural backgrounds and a willingness to integrate in one's own perspective with the perspectives of others. It is the ability to think more broadly than a single cultural view (Bennett & Bennett, 2004; Boyacigiller et al., 2004; Maznevski & Lane, 2003; Osland & Bird, 2000). Managers can remain parochial in the way they do business around the globe (e.g. "The Accidental Tourist", a book by Anne Tyler published in 1985). This is not because of their broad knowledge structure, but of their "narrow" way of perceiving their environment and their ethnocentric attitudes towards other people's ideas and experiences. Successful global managers are characterized by a sense of adventure and a desire to see and experience new

things (Gregersen et al, 1998). As such, a global mindset allows a manager to make decisions in a way that increases the global effectiveness of their company (Maznevski & Lane, 2003). Third, an ability to accept and work with cultural diversity refers to an effective intercultural competence that is based on knowledge of the specific cultural values, awareness, and openness, and appropriate behavioral skills for the intercultural situation (Caloff & Beamish, 1994; Doz et al., 2001; Evans et al., 2002; McCall & Hollenbeck, 2002; Paige, 1993). Effective intercultural communication is sometimes referred to as “mindful communication”, that is the ability to pay simultaneous attention to the internal assumptions, cognitions, and emotions of both oneself and the other person (Gudykunst, 1994), prior to interaction in a culturally diverse environment (Chen and Starosta, 1999).

### **3.3.2 The strategic perspective**

According to Levy et al. (2007a), the strategic perspective addresses a way of thinking that balances the sometimes conflicting demands of global integration and local responsiveness. This dimension of global mindset is based on the work of Prahalad and Doz (1987) and Bartlett and Ghoshal (1989), and conceives of a worldwide company as a complex and dynamic organization in a global business environment. To lead such companies effectively, managers need to integrate into their perspectives the simultaneous pressure for global efficiency and the need for local responsiveness. The mindsets of managers within such companies are therefore expected to reflect global and local perspectives. Prahalad and Doz (1987) consider the mindsets of managers to be their worldviews as reflected in the global strategy of their companies. In the view of Bartlett and Ghoshal (1989, 1990), a transnational mentality is a “matrix of the mind” and reflects an integration of the widespread assets and resources a company deliberately disperses, and a coordination of the roles and responsibilities it deliberately differentiates. This mindset of doing worldwide business and managing global and local organizational processes at the same time goes beyond traditional ways of focussing on formal organization structures and managing across geographic distance (Bartlett and Ghoshal, 1989; Chandler, 1962; Ghauri, 1992; Hedlund, 1986; Mintzberg, 1979; Rhinesmith, 2001; Stopford & Wells, 1972). The traditional ways of studying the strategy-structure relationship started with the work of Chandler (1962). He distinguished four growth strategies: expansion of volume, geographic dispersion, vertical integration, and product diversification. Each strategy called for a different administrative structure, hence his adage “structure follows strategy”. Stopford and Wells (1972) were the first to investigate this relationship with regard to multinational companies. They identified two strategic variables as being strong predictors of organizational structure: product diversity and foreign sales. Taking these two variables, Stopford and Wells were able to uncover stages in the internationalization strategy of firms based on product diversity and foreign sales. The traditional strategy-structure perspective was challenged by Bartlett and Ghoshal (1989). They argued that the unidimensional strategic perspectives no longer

applied as a result of the increasing degree of complexity in the contemporary transworld business environment. Therefore, they proposed a transnational organization model that met three requirements simultaneously: responsiveness, efficiency, and learning. In the 1990s, it had been enough, given the characteristics of the relevant product-market combinations, to excel in only one of these areas. In today's globalization processes, it is essential to change the unidimensional strategy-structure perspective into a multidimensional perspective that is reflected in a network structure which makes selective choices when it comes to structuring the company. Multidimensionality refers to a situation where worldwide companies have multiple markets, multiple product lines and multiple functions. Sometimes, the strategic perspective is equated to the geographic scope of a manager's cross-border experience (Jeannet, 2000). Managers possess a domestic mindset if they have only home-country work experience. As they travel from one country to another for business reasons or experience expatriation, they develop an international mindset. The ideal is worldwide work experience leading to a global mindset. The relationship between managers' worldwide work experiences, and the presence of a corporate global mindset is often studied in international management literature (Fletcher, 2000; Harverston et al., 2000; Reuber & Fisher, 1997; Sambharya, 1996; Tung & Miller, 1990). Begley and Boyd (2003) provide a useful framework for possible sub-dimensions of the strategic perspective. Their Global Consistency / Local Responsiveness Grid consist of three "tensions" that arise when managing a worldwide company from a global mindset: the structural tension to balance global formalization and local flexibility, the process tension to integrate global standardization and local customization, and the power tension to reconcile global dictate and local delegation. These three tensions are the levers to effectively control the company.

### **3.3.3 The multidimensional perspective**

The multidimensional perspective stems from the ideas of Rhinesmith (1992, 1993, 1995, 1996) and incorporates both the cultural and strategic dimensions, as well as a number of additional personal characteristics (Kedia and Mukherji, 1999; Levy et al, 2007). According to Rhinesmith (1993: p. 24), a global mindset 'is a way of being rather than a set of skills. It is an orientation to the world that allows one to see certain things that others do not. A global mindset means the ability to scan the world from a broad perspective, always looking for unexpected trends and opportunities that may constitute a threat or an opportunity to achieve personal, professional or organizational objectives'. Other authors, following Rhinesmith, describe a global mindset in a similar way (e.g. Ashkenas et al., 1995; Gregersen et al., 1998; Levy et al., 2007a; Neff, 1995; Paul, 2000). Srinivas (1995) built on the work of Rhinesmith by adding "a long term time perspective" to the concept. Also Kedia and Mukherji (1999), Kefalas (1998), and Kefalas and Weatherly (1998) describe time as a long-term strategic perspective in global business operations. However, in the globalization literature, "time" refers to the way people experience time in today's social life in



comparison with ancient societies in which both time and space were linked to a person's immediate location (Gidden, 1990; Scholte, 2005). Therefore, it is doubtful whether "time" in the concept of a global mindset should be seen as a long-term perspective. Moreover, a hopelessly ethnocentric and locally minded manager could still have a strategic view on the business many years ahead. Besides a "unique" time perspective, Kedia and Mukherji (1999, p.236) state that a global mindset has a "unique" space perspective, that is, 'one where managers with a global mindset will extend their personal space well beyond their immediate surroundings, both in terms of geography as well as in real and potential relationships with other people'. This perspective resembles Scholte's (2005) concept of "supraterritoriality" of globalization in which social relationships transcend national borders. Kedia and Mukherji point out that global mindsets also have a "general predisposition", that is, a positive attitude towards cultural diversity, the ability to cope with ambiguity and to balance contradictory forces, and the ability to transcend boundaries. Rhinesmith describes a global mindset as a way of being, rather than a set of skills. However, Maznevski and Lane (2003) conceive of a global mindset in broader terms: attitudes (curiosity and tolerance for ambiguity), knowledge (history and macro-economic), business and management skills (analysis and coordination), and interpersonal effectiveness skills (communication and leading teams). Also Nummela and colleagues (2004) consider a global mindset to include both attitudes and behavior, whilst Bouquet (2005) focuses on attention in a manager's behavior. Hence, there is no consensus on what constitutes the multidimensional perspective of global mindset. Furthermore, it is unclear what the global mindset concept entails from a multidimensional perspective. Given this situation, in Section 3.4, we study this multidimensional concept of global mindset in more detail.

### **3.4 Global mindset as a set of managerial attitudes toward globalization**

#### **3.4.1 The concept of global mindset**

There has been much discussion on the concept of a global mindset. The concept of a global mindset has been studied from different perspectives and consequently, researchers vary in their descriptions and theoretical underpinnings. The definitions presented reflect the conceptual confusion surrounding the construct. Based on social cognition theory (e.g. Fiske & Taylor, 1991), some authors describe an individual global mindset as a cognitive structure, map, or schema that guides the noticing and interpreting of information and the integration of dispersed knowledge (Govindarajan & Gupta, 2001; Maznevski & Lane, 2003). A global mindset as a schema evolves from new experiences through a process of assimilation and accommodation. New information is assimilated when it is consistent with the schema, and accommodated when it contradicts the schema. Levy et al. (2007b) propose an integrative framework based on information-processing theory. Following Rhinesmith (2001, 2003) and Boyacigiller et al. (2004), Levy et al. (2007a) and Javidan et al. (2007) state that a global

mindset consists of two interrelated elements: cognitive complexity (intellectual intelligence) that supports the strategic perspective, and cosmopolitanism (global emotional intelligence) as an underlying dimension of the cultural perspective. However, how these two elements work together remains unclear. Calori and colleagues (1994) describe a global mindset using mapping techniques to comprehend the global business environment. Although cognitive maps support managers in making integrative representations of their industry, the relationship with behavior and effective performance needs additional evidence. Bouquet (2005) proposes a behavioral approach for describing the concept of a global mindset. To conceive of a global mindset in terms of attention patterns in top management behavior, in such a complex and chaotic context as global business, one has to consider that managers might be “overwhelmed” by the vast number of stimuli. Bouquet, using the theory of attention, found that “too much” of a global mindset is negatively correlated with overall company performance. According to research on attention span, apprehension, and information processing, even though people may hold a large number of beliefs about any given object, they are capable of processing only five to nine items of information at a time (Fishbein & Ajzen, 1975). When also taking into consideration the less effective competence approach found in global leadership studies, the behavioral perspective on global mindset seems to be problematic. As the human mind cannot encompass all events in the social environment, it needs a system of noticing, interpreting and storing information in a simple but effective way. Mindsets are a means of simplifying the environment and bringing to each new experience or event a pre-established frame of reference for understanding it (Fisher, 1988). This is described as a cognitive filter or a “cultural lens”, based on a person’s existing knowledge structures (Chatterjee, 2005; Clapp-Smith et al., 2007; Fisher, 1988; Gupta & Govindarajan, 2001). We will examine the global mindset based on attitude theory. The reasons for this approach are as follows.

1. An attitude is a general disposition, with the function of organizing and categorizing a complex global business environment. A general disposition is a state that is internal to a person. Attitudes are learned and related to past experiences with the object of the attitude. Here, we consider globalization processes to be the object of attitude. Past experiences with aspects of globalization (such as earlier global job experiences) are relevant in the formation of this general disposition.
2. An attitude is expressed through evaluation, showing some degree of favor or disfavor. The classes of responses, i.e. cognitive (beliefs, opinions, and ideas about the attitude object), affective (feelings of liking and disliking), and behavioral (behavioral intentions or action tendencies), reflect the cognitive processes of understanding and interpreting the global business environment, the feelings of being comfortable with uncertainty and emotional connection with people across distance and cultural differences, and appropriate behavior reflect what it takes to be effective as a global manager.



3. As with other hypothetical constructs, attitudes are not directly observable but can be inferred from observable responses. A cognitive attitude, and subsequent global mindset, can be measured directly by questioning managers about their beliefs, opinions, and ideas with respect to processes of globalization.

The idea of a global mindset as a set of attitudes can be seen in Perlmutter's (1969) article in which he describes three categories of attitudes that CEOs can hold toward their business environment: an ethnocentric or home country attitude, in which the domestic way of working is prevailing; a polycentric or host country attitude, in which foreign subsidiaries are more important, and a geocentric attitude or world orientation in which both headquarters as well as subsidiaries fulfil leading roles in corporate strategy. Here, ethnocentric, polycentric, or geocentric attitudes can be derived from overt managerial actions in terms of ways of working and corporate strategy making. People who evaluate an attitude object favorably tend to engage in behaviors that foster or support it, and people who evaluate an attitude object unfavorably tend to engage in behaviors that hinder or oppose it (Eagly & Chaiken, 1993). Thus, the degree to which managers possess a global mindset can be measured by examining their behavioral intentions (e.g. tendencies in decision-making or in negotiating and building relationships, their beliefs with respect to the global business environment and other cultures, and their positive or negative feelings concerning people with other cultural backgrounds, sharing power with managers from foreign subsidiaries, and the idea of multicultural teams or doing business 24 hours a day. In concurrence with such attitudes, the functions of a global mindsets are (1) to provide a cognitive filter for scanning and understanding processes of globalization, (2) to offer a basis for noticing and interpreting global and local business and intercultural situations, and (3) to act as guidance for managerial and interpersonal behavior in order to achieve business objectives and to reconcile cultural diversity (Bartlett & Ghoshal, 1989; Bennett & Bennet, 2004; McGuire, 1969; Paul, 2000; Perlmutter, 1969; Prahalad & Doz, 1987; Rhinesmith, 1996; Tichy, 1992).

In accordance with attitude theory, a global mindset includes a cognitive category, an affective category, and a behavioral category. The cognitive category of a global mindset contains the thoughts, opinions, and ideas that people have about globalization processes as the attitude object. In this sense, a global mindset is often considered as a schema (e.g. Gupta & Govindarajan, 2002; Maznevski & Lane, 2003). Schemas are cognitive structures that represent past experience in a stimulus domain by a higher order, or abstract, cognitive structure. A schema can be compared with the cognitive part of the attitude concept (Judd & Kulik, 1980; Lingle & Ostrom, 1981). According to Eagly and Chaiken (1993, p.18), 'treating attitude as a type of schema has much in common with a considerably older tradition of regarding attitude as one type of frame of reference'. Given that attitudes pertain to evaluation, and not to all aspects of mental representations, attitude can be regarded as a subtype of the more general schema concept. The affective category consists of the feelings or emotions that people have in relation to the attitude object. The assumption that attitude formation is an affective process first appeared in the classical conditioning model of

attitude change. From this perspective, attitude is a product of pairing an attitude object (conditioned stimulus) with a stimulus that elicits an affective response (unconditioned stimulus). As a result of repeated association, the attitude object comes to elicit the affective response, and an attitude is thereby formed. In the context of globalizing companies, affective attitudes are mostly used in acculturation theory (Aycan, 2001; Berry, 2004; Osland, 2001). The behavioral category encompasses people's actions and behavioral intentions with respect to the attitude object (Ajzen & Fishbein, 1977). The idea that evaluations are based on behavioral responses stems from the notion that attitudes derive from past behavior (Eagly and Chaiken, 1993). Through this self-perception, people tend to form attitudes that are consistent with their prior behavior. Although a large number of authors come up with lists of behaviors associated with a global mindset, they refer to outcomes of the extent of a global mindset in terms of behavior. Sometimes, when they refer to behavior as a dimension of a global mindset (e.g. Maznevski & Lane, 2003), it is not so much the global mindset itself but rather the essential skills ("skill set") required to put a global mindset into action. There is no literature that explicitly describes the process of global mindset formation based on past behavior. Attitudes can be formed on the basis of three types of antecedents, that are cognitive, affective or behavioral in nature (Eagly & Chaiken, 1993; Fishbein & Ajzen, 1975). As the literature emphasizes cognitive complexity as the core element of global mindset, we will focus on the cognitive category of attitude formation.

### **3.4.2 Attitude formation**

An attitude differs from other concepts by its evaluative or affective nature (Kiesler, et al, 1969). According to Rosenberg and Hovland (1960), attitudes are predispositions to respond to some classes of stimuli with certain classes of response. Stimuli that are evaluated are termed attitude objects, and these can be abstract or concrete. Evaluative responses, whether they are covert or overt, are psychological tendencies that express approval or disapproval, favor or disfavor, liking or disliking, attraction or aversion, and so on. Once these tendencies to respond become established, people have formed an attitude toward the object. The term belief refers to the opinions held about the attitude object or the information, knowledge, or thoughts someone has about the attitude object. As people form beliefs about an object, they automatically and simultaneously acquire an attitude toward that object. Each belief links the object to some attribute. People's attitude toward an object is determined by their beliefs that the object has certain attributes, and by their evaluations of those attributes. An assumption of attitude theory is that evaluations of attitude objects tend to be consistent with the evaluative meaning of the attributes ascribed to them (evaluative-cognitive consistency). An information-processing approach is viewed as underlying the formation of attitudes. A person's attitude toward an object is based on this most important beliefs about that object (Fishbein & Ajzen, 1975). If those beliefs associate

the object with primarily favorable attributes, the attitude will tend to be positive. Conversely, a negative attitude will result if the person associates the object with primarily unfavorable attributes. Learning theories of attitudes, as well as expectancy-value models, are concerned with the effects of information on attitudes whereas attribution theories are concerned with the effects of information on beliefs. Theories based on information processing deal directly with processes of information and therefore have immediate implications for change (Eagly & Chaiken, 1993). The information integration theory (Anderson, 1981) assumes that attitudes are formed, and modified, as people receive and interpret information and then integrate this information with their prior attitudes. The information integration theory involves two processes: the valuation of the incoming information, and its integration into the current attitude. Valuation addresses the construction of the meaning of the information and of its relevance for evaluating an attitude object in terms of "scale value" (evaluative meaning) and "weight" (importance) of the information. Integration refers to the structuring of information which can take place according to adding models or averaging models. Adding models assume that each item of information is added to the others resulting in a more extreme response as an increasing number of similar items work together. Averaging models are less extreme because the central thesis is that people respond as if they have taken an average of all items of information. Averaging new items with the same scale value and weight does not change the response. The function of this intra-attitudinal structure is availability in memory so that it can potentially be used for processing stimulus inputs. The accessibility of a structure is its readiness to be used in information processing at a particular point in time, for example, when managers find themselves in a global leadership situation. Similar to the idea that there are three classes of attitudinal responses is the assumption that attitudes have three types of antecedents: cognitive processes, affective processes, and behavioral processes. A cognitive learning process is assumed to occur when people gain information about the attitude object and thereby form beliefs. According to Fishbein and Ajzen (1975), although a person may hold a large number of beliefs about any given object, only a relatively small number of beliefs serve as determinants of attitude at any given moment. The five to nine beliefs about the object that are salient at a given point in time are termed the "salient beliefs" by Fishbein and Ajzen. To identify salient beliefs that determine a person's attitude, the authors argue that a person's belief about an object can be elicited in a free-response format by asking the person to list the characteristics, qualities, and attributes of the object or the consequences of performing the behavior.

We distinguish two processes of attitude formation with respect to a global mindset: strategic attitude formation that refers to the strategic perspective of a global mindset and the cultural attitude formation that addresses the cultural perspective. The strategic attitude formation balances global and local concerns simultaneously. In terms of attitude theory, it is through cognitive processes that managers form salient beliefs about aspects of global and local markets and managing worldwide organizational processes. Each belief (e.g. their

company's accessibility to global financial markets to invest in local markets) is linked to a certain attribute (e.g. the favorable financial position of their company). If the attributes are evaluated positively, managers tend to be positive about the attitude object (e.g. market entry in those countries). In so doing, managers form "beliefs" about complex transworld business dynamics, and subsequently form their attitudes (Calori et al., 1994; McCall and Hollenbeck, 2002).

With respect to cultural attitude formation, Thomas (2002) points out that national cultural differences can influence perceptions because humans are socialized by their culture, they tend to have better recall of information that is inconsistent with their culturally based expectations and with their views, and people perceive members of other cultures to be more similar to each other than members of their own cultural groups. The ability to comprehend cultural diversity depends on understanding national cultures and the idea of culture itself (Bennett & Bennett, 2004; Smith, 2004). Consequently, cultural intelligence is an important cornerstone of global mindset (Earley et al, 2007). There is a distinction between objective culture and subjective culture (Berger & Luckmann, 1966; Triandis, 1972). Objective culture involves the institutional aspects of culture, such as political and economic systems, and the manifestations of culture, such as art, music, and cuisine. Subjective culture refers to subjective representation, or the worldview, by groups and individuals of the objective culture. The value of subjective culture is that it provides an insight into the "mindset" of different cultural groups and is therefore the foundation of cultural adaptability and integration. The essence of culture is described by the content and structure of the basic mental representations that members of particular social groups share and this has been measured in a few important studies (Hofstede, 2001; Kluckhohn & Strodtbeck, 1961; Schwartz, 1992; Trompenaars & Hampden-Turner, 1998). Based on the concept of subjective culture, Bennett and Bennett (2004, p.150) define "cultural diversity" as 'cultural differences in values, beliefs, and behaviors learned and shared by groups of interacting people defined by nationality, ethnicity, gender, age, physical characteristics, sexual orientation, economic status, education, profession, religion, organizational affiliation, and any other grouping that generates identifiable patterns'. Subjective culture is not only possessed by the group as a whole but also by individuals, and is carried and shared, as well as created, by individual members of the cultural group (Berry, 2004). Through a number of intermediate mechanisms, subjective culture influences how people think about, evaluate, and respond to people who are culturally different (Thomas, 2002).

Ward and colleagues (2001) describe theoretical approaches to cultural contact. The first approach is called "cultural learning" and refers to learning the culture-specific skills required to adapt to other cultural environments. This approach reflects a behavioral perspective on cultural contact and is grounded in social interaction theories. The second approach involves psychological models of stress and coping being applied to cross-cultural transition and adaptation and represents the affective aspects of cultural contact. Finally, the social identification approach is concerned with cognitive aspects of cultural contact and

deals with social identification processes (i.e. “cultural identity”) and is related to social cognition. In the social identification framework, attitudes such as stereotyping, prejudice, and discrimination are included. Through the behavioral, affective and cognitive approaches to intercultural contact, people categorize others according to their cultural group. This is manifested in interpersonal interactions among people who are culturally different. As such, attitudes play an important role in both the adjustment and transformation of managers because they determine whether managers make positive or negative evaluations about cultural behaviors they do not completely understand (Osland, 2001). An integrative approach to intercultural attitudes is provided by Bennett (1986, 1993). He developed a framework that presents a progression of cultural mindsets that comprises of two sets of orientations. The model’s underlying assumption is that, as one’s experience of cultural difference becomes more sophisticated, one’s competence in intercultural relations increases. The first set consists of three ethnocentric attitudes in which a person’s culture is experienced (Denial, Defence, and Minimalization). The second set contains three ethnorelative attitudes in which a person’s culture is experienced in the context of other cultures (Acceptance, Adaptation, and Integration). Based on this theoretical framework, Hammer and colleagues (2003) developed the Intercultural Development Inventory (IDI) to measure these six attitudes, and tested the scales empirically. They also tested the construct validity to examine the relationship of the respondents’ scores on the attitude scales with two related variables: the Worldmindedness Scale developed by Sampson and Smith (1957) and Intercultural Anxiety developed by Stephen and Stephen (1985). Subsequently, the IDI was assessed by Klak and Martin (2003) and Paige and colleagues (2003). The six stages of increasing intercultural sensitivity, based on more sophisticated cognitive attitudes, constitute a comprehensive insight into the different cultural mindsets managers might possess in globalizing business and their companies. The highest stage, “Integration” reflects the cultural dimension of a global mindset in which people have internalized more than one cultural worldview. They are able to transcend cultural frames and to analyze and evaluate situations from one or more chosen cultural perspectives. Managers with this kind of global mindset are considered to be highly effective in cultural contacts. As Aycan (2001: p.130-131) confirms, ‘among the acculturation attitudes, integration yields the best outcomes (e.g. low stress, high satisfaction, and effectiveness in both work and non-work contexts). The integrationist attitude not only facilitates cultural learning, but also attracts greater social support from host nationals’.

### **3.4.3 Belief formation**

Beliefs can be defined as ‘the subjective probability of a relationship between the object of the belief and some other object, value, concept, or attribute’ (Fishbein & Ajzen, 1975, p. 131). This definition implies that belief formation involves the establishment of a link between any two aspects of an individual’s world. The object of a belief may be a person, a

group of people, an institution, a behavior, a policy, an event, etc., and the associated attribute may be any object, trait, property, quality, characteristic, outcome, or event. People may differ in their belief strength, that is, they may differ in terms of the perceived possibility that the object is associated with the attribute in question. The totality of a person's beliefs serves as the informational base that ultimately determines their attitudes, intentions, and behaviors. In terms of attitude theory, the "cognitive complexity" that characterizes a global mindset involves the complexity of beliefs associated with attitude objects. This is the total set of beliefs that a person holds about an attitude object. Complex beliefs can be associated with more moderate attitudes: the less complex one's set of beliefs, the more extreme is one's attitude in either a positive or a negative direction (Eagly & Chaiken, 1993). In the course of people's lives, personal experience lead to the formation of many different beliefs about various objects, actions, and events. Some beliefs may persist over time, others may be forgotten, and new beliefs may be formed. Some beliefs are relatively stable (e.g. beliefs about religion, capitalism, and racism), other beliefs can vary considerably or exhibit frequent shifts (e.g. beliefs about attending church or appropriate behavior on a particular occasion). People make subjective judgements about an object of social reality and their own understanding of that object. A belief is formed as soon as an object is linked to an attribute. Fishbein & Ajzen (1975) distinguish three types of belief formation. The first source of information about such a relationship is direct observation, that is, a person becomes aware that a given object has a certain attribute. For example, a manager perceives that the two French members of his team respond differently to his decision than his fellow Americans. This direct experience with a given object results in the formation of "descriptive beliefs" about that object. The second type of belief formation involves interaction with another person. People compare the way they relate to the other person by making use of previously learned relationships or "formal coding systems", that is, the various rules of logic that allow the formation of beliefs about unobserved events. For example, a manager knows that if market A is bigger than market B, and market B is bigger than market C, the inference is that market A is bigger than market C. Belief formation is based on unobservable characteristics such as friendliness, introversion, and intelligence. Fishbein and Ajzen call beliefs that go beyond directly observable events "inferential beliefs", and these can be based on descriptive beliefs. The third type of belief formation involves persuasive information drawn from a person's environment. This information may include newspapers, books, magazines, radio and television, the internet, and so on. Beliefs formed by accepting the information provided by an outside source are termed "informational beliefs". Hence, through cognitive processes, people acquire new beliefs about aspects of globalization processes, then structure and evaluate these beliefs, and expand their frame of reference. Consequently, attitudes can be learned or changed through beliefs. According to Fishbein and Ajzen (1975), a person's attitude can be changed by changes in the person's "belief system". Both salient and nonsalient beliefs can be strengthened or weakened, or replaced by new beliefs.



Research on belief formation provides a solid foundation for studying the role of knowledge in global leadership development and the cognitive complexity that is related to the global mindset. Knowledge allows people to understand and to adapt to their continuously changing environment by making mental representations of social reality. Gregersen and his colleagues (1998) state that business knowledge enables managers to recognize worldwide market opportunities and to understand competitive conditions, while organizational knowledge enables them to have a thorough knowledge of the company's strengths and weaknesses, headquarters and geographically dispersed subsidiaries, and the qualities of its managers. Global business knowledge is essential because of the intensifying competition as a result of globalization, and the pressures to increase business results. With respect to a global strategy, managers need to possess organizational knowledge to mobilize the company's assets and resources that it has deliberately dispersed (Bartlett & Ghoshal, 1989). Besides global business and organizational knowledge managers need cultural knowledge to understand cross-cultural issues within a company (Kedia & Mukherji, 1999; Maznevski & Lane, 2003) and to integrate various perspectives and ways of responding to people with very different cultural backgrounds. Cultural knowledge is essential to communicate a shared global vision and to motivate and inspire a multicultural workforce (Deal et al., 2003; House et al., 2004).

In a number of studies, explaining the global mindset concept is often based on cognitive processes, especially differentiation and integration in knowledge structures (Gupta & Govindarajan, 2002). From this perspective, a global mindset is characterized by a high level of integration in a global environment in which differentiation is also high. In these studies, elaborating on the concept of a global mindset involves mainly cognitive processes whilst failing make the relationship with any kind of observable outcome explicit. When considering a global mindset as the sum of cognitive attitudes with an evaluative nature, it is possible to measure managers' responses to events in globalization processes that shape worldwide business and the meaning they attach to them. Studying the global mindset based on a theory of belief and attitude formation provides more possibilities to understand information processes in the minds of managers and how these relate to observable outcomes, such as interpersonal communication and certain behaviors. Furthermore, theories on attitude change may also support the development of a global mindset (Fishbein & Ajzen, 1975; Zimbardo & Leippe, 1991).

#### **3.4.4 Factors influencing global mindset**

Empirical research on factors influencing the global mindset is extremely limited (Levy et al., 2007a). Only a few studies examine the factors that influence the level of a global mindset. Based on the literature, we identify four sets of factors that may influence global mindset: (1) personality; (2) national cultural values; (3) demographics; and (4) person in job factors.

Fishbein & Ajzen (1975) argue that belief formation is influenced by personality because research on trait inferences has revealed some important implications for reaching an understanding of inferential belief formation. Personality is often conceived in five superordinate factors or the “Big Five” which comprise “openness to experiences”, “conscientiousness”, “extraversion”, “agreeableness”, and “neuroticism” (Carver and Scheier, 2004). Openness to experience has been found to predict greater engagement with the existential challenges of life (Keyes et al., 2002). Sometimes openness is considered as one of the attributes of the cultural perspective of a global mindset and resonates in some of the global mindset definitions (e.g. Boyacigiller et al., 2004; Gupta & Govindarajan, 2002; Kanter, 1995). In our view, “openness” and “global mindset” are distinct concepts. Following Ajzen (1988), we believe that traits and attitudes differ because attitudes are characterized by an evaluative response. Whereas traits do not necessarily involve evaluation. Attitudes change rapidly while the configuration of personality traits that characterizes an individual is much more resistant to change. Openness is one personality trait that could influence the level of a person’s global mindset. According to Carver & Scheier (2004), this tends to be reflected mostly in cognition. “Extraversion” is possibly related to “having social impact”, and “agreeableness” seems to refer to “maintaining positive relations with others” (Jensen-Campbell et al, 2002). These two traits may also be important in building and maintaining cross-border and cross-cultural relationships in a global business environment. “Neuroticism” (or “emotional stability”) involves the subjective experience of anxiety. Anxiety and withdrawal have been related to sociocultural adaptation problems in intercultural contact (Stephen & Stephen, 1985). Therefore, disengagement strategies have strong negative consequences for cross-cultural adaptation (Ward et al., 2001). Consequently, the extent of a cultural global mindset is expected to be relatively low. To summarize, people act in accordance with their attitudes and traits. As with the Global Competency Model of Bird and Osland (2004), personality traits operate on a more fundamental level than attitudes as they are more stable and difficult to change.

Another set of influencing factors that can be identified is “culture”. More specifically, the value orientations that shape the context of thinking and social action among members of nations. Cogan and Fish (2010) developed a scale to measure cultural value orientations and relate them to the performance of expatriate managers. They found that managers who score highly on cross-cultural business focus, and low on national identity, are most suited for international assignments. Srinivas (1995) states that developing global mindsets in cultures where the value preferences are for collectivism, power-distance, uncertainty avoidance, and feminineness is possibly very difficult. As a lot of developing countries are characterized by such cultural values, Srinivas’ statement implies that Third World countries have a disadvantage in global business. However, there is no empirical evidence that supports the suggestion that there is a relationship between the cultural values of culture groups and the formation of global mindsets.

Demographic aspects form the third set of factors which encompasses personal factors such



as gender, age, level of education, and family situation. An empirical study among male and female students about attitudes toward sex confirms the general attitude theory that attitudes can be formed genetically (Bohner & Wänke, 2002) and consequently male and female can differ in their attitudes. However, there is no empirical evidence that gender and global mindset are related. Arora et al. (2004) found, in an empirical study, that the manager's age and having a family member in a foreign country influence the global mindset. The younger the manager, and the greater the personal exposure to a foreign culture and influence from family members, the stronger the global mindset.

With respect to the relationship between person-in-job factors and global mindset, Arora et al. (2004) found no significant difference in the global mindset of managers in terms of tenure in their present job. Thus, the duration that they have been working in their present job did not seem to affect their global mindset. They also found no relationship between global mindset and a manager's position in the organizational structure. However, international training, the experience of living in a foreign country, and experience of working in a foreign country significantly impact on a global mindset. This finding supports the view that expatriate assignments are key to developing leaders with global mindsets (Aycan, 2001; Black et al., 1999b; McCall and Hollenbeck, 2002; Osland, 2001). In addition, Oddou et al. (2000) conceptualize that international travel experience also influences global mindset, that it changes peoples' attitudes toward globalization.

### **3.5 The role of global mindset in leadership effectiveness**

In the literature, a global mindset is often considered as an essential quality for leaders in the context of globalizing companies. Levy et al. (2007b, p.31) hypothesize: 'individuals who have a global mindset are likely to exhibit effective managerial action in global context if they also possess the requisite set of skills and abilities'. They assert that, to be effective, a global mindset is one of the essential qualities that global leaders need to possess. Further, even if global leaders have all the necessary capabilities, but lack a global mindset, they are not effective. At the corporate level, the top management team's extent of a global mindset is often related to early globalization actions, a broader scope in doing cross-border business, and international performance (Calof & Beamish, 1994; Fletcher, 2000; Harveston et al., 2000; Kobrin, 1994). However, the conceptual understanding of a global mindset varies in these studies, and sometimes a global mindset is measured in terms of managers' international experience (Reuber & Fisher, 1997; Sambharya, 1996). At the individual level, research on effective global leadership does not always include global mindset. Although there has been a recent emphasis on the role of a global mindset in global leadership development, empirical research on this topic is rare, and how a global mindset relates to effective leadership remains unclear (Bird 2008).

As described above, the first stage in global leadership studies has focused on identifying

global leadership competencies. In the second stage, research on global leadership involves more comprehensive frameworks of global leadership characteristics, presenting an integrated perspective on global leadership capabilities in which a global mindset is an important cornerstone. An example of this integrated theoretical framework of global leadership is the “Global Competency Model” (Bird & Osland, 2004) which consists of four levels and is based on a foundation of global knowledge about the business a global leader is in, and how that creates value. They do not include, in their conceptual study, measures of global mindset and criteria for performance, which makes it unclear how it is related to leadership effectiveness. A small number of scholars have developed scales to measure a global mindset on the individual level. However, results are difficult to compare because of the different conceptual understandings (Arora et al., 2004; Bouquet, 2005; Levy et al., 2007a; Murtha et al., 1998; Nummela et al., 2004). They fail to relate global mindset outcomes to effective leader behavior or other outcomes. Therefore, more research is necessary on how to measure global mindset and to develop global leadership models and theories in which global mindset, its influencing factors, and its outcomes are included.

### **3.6 Conclusion**

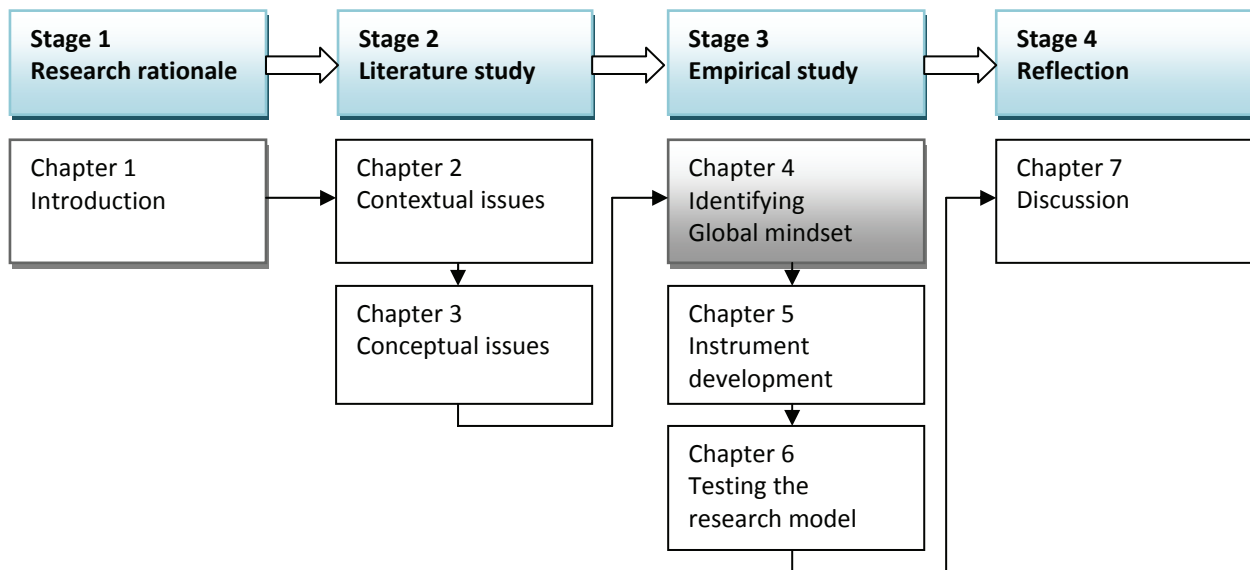
As the literature overview indicates, the idea behind a global mindset, as a certain “worldview” is not new, and there is a consensus that studying managerial attitudes in the context of globalizing companies started with Perlmutter’s publication in 1969. In the early 1990s, the term global mindset surfaced in the American literature, followed by an increasing number of conceptual and empirical studies. As there is a lot of confusion about the core properties of a global mindset, we have structured the research into global mindsets using three different approaches based on the underlying representations of the phenomenon. The international approach reflects many of the assumptions of the international product cycle theory and the theory of the internationalization of the firm. A characteristic of these theories is the home-country-oriented international corporate strategy in building cross-border business operations. It strongly resembles the notion of “globalization as internationalization” as outlined in Chapter 2. In contrast, the universal approach to studying the global mindset conceives of the world as one big market place in which customer preferences are becoming homogeneous, products more and more standardized, and national borders increasingly porous. To a certain extent, the universal approach can be compared with the representation of “globalization as universalization” . Finally, the multidimensional approach integrates the international and universal approaches into one perspective and makes balanced decisions in terms of global coordination and local adaptation. Although the multidimensional approach is still in its infancy, it has characteristics of the conceptualization of globalization as respatialization in which the social relationships between culturally divergent people transcend national

borders but without ignoring territory.

The conceptual configuration also contains a number of perspectives from which the concept of a global mindset can be examined. The cultural perspective excludes “cosmopolitanism” as this term has different meanings and lacks “cultural neutrality”. The cultural perspective refers to the knowledge of other cultures, awareness of and openness to the different perspectives of people with other cultural backgrounds, and a positive attitude toward integrating one’s own and other perspectives in communicating and working together in organizations. The strategic perspective involves a corporate strategy and balancing global and local concerns in a worldwide organization. The multidimensional perspective integrates the cultural and strategic perspectives and also includes a number of additional characteristics. As with the multidimensional approach, the multidimensional perspective on global mindset needs further research.

A global mindset is a personal mental construction that structures and evaluates new information based on cognitive processes. It not only involves cognitive complexity and the way individuals perceive their business environment, but also includes the positive or negative evaluation that individuals attach to attitude objects and how they give meaning to them. Therefore, we describe a global mindset as the set of cognitive attitudes that is positively related to globalization processes. A global mindset is usually described and defined based on conceptual studies. Most studies fail to relate global mindset outcomes to effective leadership behavior or other outcomes. Therefore, more research is necessary to measure global mindset and to develop global leadership models and theories in which global mindset, its influencing factors, and its outcomes are included. As our purpose is to identify and describe global mindset empirically, a qualitative field study is necessary.

## 4 Identifying global mindset at the individual level



### 4.1 Research strategy

#### 4.1.1 Research issue

In this chapter, the results of a qualitative field study on global mindset at the individual level of analysis and its dimensions are reported in order to empirically answer the first research question: *what is a global mindset?* In Chapter 3, the concept of a global mindset was described using the literature and attitude theory. As there is little consensus in the literature on what constitutes a global mindset and the results of subsequent empirical research vary, our aim is to identify empirically the concept of global mindset and its properties. This is important for measuring and validating the construct in the following chapters.

#### 4.1.2 Method

To identify the global mindset at the individual level, we questioned people with roles with worldwide responsibilities, both in terms of organizational strategy and a multicultural workforce. As global leaders are responsible for global business and employees with many cultural backgrounds in globally dispersed subsidiaries, they are the most obvious “targets” for measuring global mindsets. We therefore conducted an exploratory case study (Miles & Huberman, 1984; Yin, 2003) in which managers in a global leadership role were interviewed about global leadership and essential global leader qualities because this group provides the best opportunities to examine global mindsets (McCall and Hollenbeck, 2002). The personal

views of managers are often used as a first step in identifying global leader qualities (e.g. Bingham et al., 2000; Black et al., 1999b; Das, 1993, Maisonrouge, 1983; McCall & Hollenbeck, 2002). As described, a leader is a person with a number of qualities that enables this person to effectively master a particular situation which we consider as a role. We define a “role” as behavioral expectations of others in a particular situation in which these others observe a person (Jansen, 2002). Hence, a global leader is an individual who possesses specific qualities which are prerequisites for effectively performing a number of global leadership roles such as formulating and communicating a shared global vision and facilitating multicultural and geographically distanced teams to implement the global strategy. Situational determinants are the level of management, the size of organizational subunit, lateral interdependence, crisis situations, and the stage in the organizational lifecycle. In addition, we take into consideration the type of multinational company as defined by Bartlett and Ghoshal (1989), and the degree of internationalization (Sullivan, 1994).

The results of the qualitative field study are structured as follows. First, we identify differences between the roles of domestic leaders, expatriate leaders, and global leaders as perceived by the interviewees. Our interviews revealed four distinct essential qualities of the global leader role for the effective mastery of leadership situations: (1) global work experience, (2) global business and organizational knowledge, (3) cross-cultural competencies, (4) a global mindset. We address each quality in a separate section. We also describe career success and career satisfaction as outcomes of global leadership effectiveness. The main findings from this qualitative field research has been published as a chapter “Dimensions of an individual global mindset” (Den Dekker et al., 2008) in the book “The Global Manager” (Sudhakar & Reddy, eds, 2008).

## **4.2 Sample**

We interviewed fifteen global leaders working for three multinational companies between February and June 2005. Thirteen respondents were from a Dutch multinational bank. The national cultural backgrounds were Dutch (10), British (1), New Zealand’s (1), and United States (1). The other two respondents had Dutch cultural backgrounds and were working for other multinational firms. All the respondents were selected because they had responsibilities for business and for employees on at least three continents (Europe, America, and Asia). Their hierarchical positions were on the executive management level (CFO) or on the level of senior management of an international division (CEO, COO, etc.). They were hierarchically or functionally responsible for a specific business line or were operating in a general management role. Thirteen interviews were one-on-one and voice-recorded, the other two were conducted by telephone. Interviews typically lasted 45-60 minutes. In reporting the interview data, the interviewees are identified by assigning them a

identification code that is related to their role. Global managers in an executive position are indicated by an “E”, the global functional managers are classified with a “F”, and the global business manager with a “B”. The notation [E2], for example, indicates a quote from the interview with the second executive. Apart from their cultural backgrounds, the respondents were fairly homogeneous demographically. The global managers were all highly educated, men, and approximately the same age (45-55 years).

### 4.3 Interview questions

The interviews provide not only information on the importance of a global mindset for global leadership, but also on global leadership as such. We did not ask global leaders to formulate a global mindset directly but rather than let them come up with a description of essential global leader qualities which we could relate to the global mindset concept. As we wanted to identify the global mindset based on global leadership, we first asked questions about the global leader role before we put forward our questions about global perspectives and global mindset dimensions. In our interviews, we let global leaders come up with essential global leader factors and global mindset dimensions by starting off with questions about job performance and international careers.

We asked the following questions:

1. *In terms of responsibilities, how would you describe your leadership role?*
2. *In the literature, the term “global leader” is used for a manager or leader who is:*
  - *responsible for worldwide business, and*
  - *responsible for employees with other cultural backgrounds*

*Do you agree with this definition?*

3. *Do you consider yourself a global leader as described above?*
4. *In comparison with the global leader role, do you see any differences in managers or leaders who work only locally (e.g. a Dutchman who lives and works in the Netherlands)?*
5. *In comparison with the global leader, do you see any differences in managers or leaders who live and work in a different country (e.g. a Dutchman who lives and*

*works in the USA)?*

- 6. What factors (e.g. knowledge or experience) make you a global leader?*
- 7. What personal factors are essential for being a global leader?*
- 8. What kinds of situations have you encountered that you did not have to deal with before?*
- 9. Has your perspective changed on business, market, company, other cultures, etc since you started working as a global leader?*
- 10. What factors influenced these changes?*
- 11. Are there any other changes you can relate to your global leadership role?*
- 12. The changes you described earlier, in what way do they influence your present job performance?*
- 13. Do you intend to pursue your career abroad? Why (not)?*

#### **4.4 Differences between domestic leaders, expatriate leaders and global leaders**

Based on the interviews, we identified differences between domestic, expatriate, and global leadership roles. In contrast with domestic and expatriate managers, our interviewees state that global managers work over vast geographical and cultural distances and have to cope with the political, economic, and societal environments of many different countries. They have worldwide business responsibilities and objectives because they simultaneously operate in global and local markets. In this respect, our respondents mentioned business factors such as global pressures (the presence of multinational customers and competitors, investment intensity and cost control) and pressures for local responsiveness (differences in customer needs, market structure, the position of subsidiaries and host government demands). This is in line with Prahalad and Doz (1987) and Bartlett and Ghoshal (1989). These multidimensional business factors are specific to the global leadership role. As one respondent explained: 'When the company only had a few business activities abroad, organizing came down to straightforward monitoring and controlling. However, with many subsidiaries and an increasing number of global clients, it became more difficult to be clear on the organizational model as it had to deal with local responsiveness, global efficiency, and

the coordination of support lines' [E1]. As such, the interviewed global managers have to deal with dramatically increased complexity as a result of the transformation of their company to a worldwide network organization. One global manager considered the global leadership role as a combination of global responsibilities and a hierarchical position. He said: 'I'm less of a global leader in than a CEO of an international company who has direct responsibility for everyone in his company. The various people I work with intensively also have a local general manager. I'm part of the framework, clearly, but I'm not the only person who is responsible for those people. In that sense, I have a limited global responsibility, because the bank is organized in a way that emphasizes local responsibilities' [F2]. Hence, an important factor in being a global leader is to have global responsibilities. However, the extent to which a global manager is able to demonstrate authority depends on the company's global organizational structure. According to Bartlett and Ghoshal (1989), in a global organization, business managers have relatively more power as they control the company's worldwide business. In a multinational organizational structure that emphasizes local responsiveness, country managers control the supply chain and sales, and this makes their decision power superior to functional managers as shown in the quote of the global manager [F2] above. Only in the transnational organization model are the responsibilities of all global managers balanced in the pursuit of one organizational strategy.

The interview results indicate that functional expertise and business knowledge are related to a manager's responsibilities. For example, domestic managers who are living and working in their home country are responsible for domestic business or a functional business line that does not exceed borders. The domestic manager is able to understand the local market, the home country organization, and has an thorough knowledge of all aspects of the profession related to the company's domestic strategy. Expatriate managers are living and working in a host country and are responsible for their company's foreign local business there. To be successful, they need to familiarize themselves with the characteristics of the overseas organization and to expand their functional and business knowledge with other fundamentals of the profession. Global managers may live in their home country but have a lot of cross-border experience as a result of earlier expatriate assignments or intensive global travel. Global manager are links between a company's global and local organizations, from a business or a functional perspective. In that role they need to understand how global and local markets are related, and how to implement organizational structures and processes to align their headquarter's global coordination with their subsidiaries' local concerns. The global managers we interviewed agreed with the definition of a global leader, as someone being responsible for worldwide business and leading employees with different cultural backgrounds. They continued to say that this is a starting point, meaning that it is not enough to just meet these criteria. Global leadership is more than just being responsible for global business and managing people globally. As one of the respondents explains: 'But what's in a name? It's more important to ask yourself what makes a global leader? I think it is a combination of competencies and what I would call attributable skills or personality. The



most important one is curiosity. You need to be a curious person, or inquisitive. It starts with cultural awareness, you become aware of differences in norms and values, drivers. You need to have a genuine interest in people. How do you recognize global leaders? That is, do you have followers?' [F3].

Another aspect of a global leadership role is influencing and inspiring people across the worldwide organization. Global leaders operate in a multicultural environment with a mixture of local ways of acting. Differences between a global leader and a domestic leader are not only determined by crossing cultural and geographical borders. It has also to do with an ability to integrate cultural differences. There was unanimity among our respondents that inspiring and motivating employees with many different cultural backgrounds was the most important new cultural element of global leadership. A global manager should adapt different leadership styles in order to effectively influence people from other cultural backgrounds (e.g. Deal et al., 2003; House et al., 2004; McCall & Hollenbeck, 2002). Global managers run a 24 hour business around the globe which means that their job is not restricted to one or two time zones, but basically encompasses all time zones (Davis & Bryant, 2003). In contrast, the domestic or expatriate leader works within one local market within one time zone. However, working in one's home country or a host country does not imply an absence of multiculturalism. Some of the interviewees referred to the fact that, at headquarters, a number of employees and managers are working who have different cultural backgrounds. Consequently, a domestic manager working in an international environment – even when the office is located in the home country – may be responsible for a multicultural team. The same situation occurs when a home country manager is working as an expat in a host country where he is responsible for a team consisting of home country, host country, and third country nationals. As Adler (2002, p.15) noted, 'Domestic firms can be multicultural if their employees or clients come from more than one culture'. It is the simultaneous geographic dispersion and multiculturalism that adds to the complexity of the global leadership role. To manage the complex global business environment, global leaders differ from domestic and expatriate leaders in their attempt to align people and business from both the global headquarters and the local subsidiaries' perspective. As one global manager explained: 'To stay in the role of global leader one should be sensitive, listen carefully, read between the lines, be clear in communications, and clear in feedback. This is also important for a domestic leader, but there is a broader array to respond to. Multiculturalism is important, but also having a vision based on a broader scope and the ability to communicate this appealing vision to many people across the globe' [E3]. Another global manager illustrated the same point: 'The other part I also mentioned earlier is having a mindset that is conducive to doing business with the regions. This is very apparent in my current role. I have intensive working relations with the regions ..... In terms of getting things done and having influence, I'm very much trying to be a global leader' [F2].

To summarize, the results of our empirical study with respect to differences between a domestic leader, an expatriate leader and a global leader agree with the literature (see

Chapter 2). The differences are shaped by environmental factors related to where the leader works and lives, business factors related to the company's market characteristics, organizational factors related to the geographical scope of the manager's responsibilities, and cultural factors related to the intensity of interaction between people with many cultural backgrounds. An overview of the differences between the domestic leader, the expatriate leader, and the global leadership role is presented in Appendix A.

## **4.5 Global work experience**

The analysis of the interviews indicates that the interviewees had already worked in an international context in various roles prior to their current global leadership roles. Confirming Bartlett and Ghoshal (1992), we saw many kinds of global jobs and the contexts in which the global managers were working were complex and continuously changing. However, there is one important generality. All the global managers had worked on their global careers for many years, and they all stated that working in an international context had been essential for them to be appointed to a global leadership role. Thus, global work experience is essential in order to become a global leader and to remain successful in that role. The function of experience is to learn new responses to events. According to Bandura (1977, 1997), it enhances or changes a person's self-efficacy when adapting to new, complex, dynamic environments. People learn new repertoires of behavior through direct experience or observation. For example, global work experiences provide people with opportunities to expand their cognitive structures about the globalization of markets, the worldwide organization, other cultures, and working across time and space. Based on the interviews, we can identify three learning processes related to global leaders' work experience: (1) global career development, (2) living, working, or studying abroad, and (3) global travel. These processes might be important factors in developing global leadership skills.

This supports McCall and Hollenbeck (2002) who argued that managers become global leaders through experiences that may include expatriation. Where managers had not had expatriate assignments, they learned their global lessons from travelling or from working in international teams. All the interviewed global managers had an extensive global careers and intend to continue to work in a global leadership role. A global manager explained: 'You've seen so many locations, you know how you should treat those people, how they will respond.... I've been in several locations all over the world for seventeen years. You can read it from the books, but experience is more important. It takes years to get into a global leader role' [F1]. Most global managers have been building their global careers on experience in various roles for different companies. Their career steps can be characterized as being increasingly global. To quote one of the global executives: 'Experience and changes during my career were essential to being appointed in my current job' [E1]. Another manager

explained: ‘Everything goes in steps. There is no huge step like from one to ten. It starts with one, then two, and finally ten. For example, I started looking for the Dutch market, and then acquired international customers, so that element comes in. Then I became responsible for the European desk, followed by the emerging markets outside Europe. In every step of your career, you have new experiences’ [E3]. For most global managers, having earlier global jobs in which they had learned to operate across borders and cultures was an important factor in becoming a global manager. Sometimes, a manager’s career resembles the globalization process of their company. As a company’s business continues to globalize, the manager’s role gradually became global: ‘Our clients work globally, therefore we need to work on a global scale too. In the last twenty-five years, my work has become gradually more global’ [B1]. In Table 4.1 the three processes are presented with matching quotes.

<b>Table 4.1 Evidence for global work experience</b>	
Process	Evidence
Global career development	<p>‘I have always had an international career. The subjects of my work has always been international’. [F2]</p> <p>‘I already had a role in which I worked globally, and was familiar with intercultural contact’. [F5]</p> <p>‘You start with knowledge of the business, and then global experience. Experience is most important as the environment is changing continuously. Experience and changes during my career were essential to being appointed to my current job’. [E1]</p> <p>‘I already worked in an international context’. [E3]</p> <p>‘It started with technical experience in global markets and then developed from an operational level to a global leadership role’. [E4]</p> <p>‘My international career started a long time ago. I already worked internationally before I joined the bank’. [E5]</p> <p>‘Our clients work globally, therefore we need to work on a global scale too. In the last twenty-five years, my work has gradually become more global’. [B1]</p>
Living, working, or studying abroad	<p>‘It’s a combination of putting knowledge into practice. It’s also curiosity and awareness and also a combination of living and working abroad, to work for different companies in different countries and in different roles’. [F3]</p> <p>‘My study was international’. [F2]</p> <p>‘I went to INSEAD which has a large multicultural element in it’. [E3]</p>
Global travel	<p>‘You’ve seen so many locations, you know how you should treat those people, how they will respond.... I’ve been in several locations all over the world for seventeen years. You can read it from the books, but experience is more important. It takes years to get into a global leader role’. [F1]</p> <p>‘You can’t do it without travel, it’s imperative’. [F2]</p> <p>‘A lot of global travelling, and openness in your upbringing and surroundings, the exposure to learn’. [F4]</p>

In conceptual and empirical studies, living and working abroad is often considered to be an effective way to build global work experience (Aycan, 2001; Caligiuri & DiSanto, 2001; Gregersen et al., 1998; Mendenhall, 2001; Osland, 2008a; Stroh et al., 2005). One of the interviewees explained: ‘I went to INSEAD which has a large multicultural element in it, and of course I was sitting there with a group of people from very different firms, with different

problems, different nationalities, and bringing in other perspectives on multicultural management. The essence of multicultural and leadership programs is not the training itself but the possibility to share experiences in, for example, case studies in how they think about multicultural issues or specific local market issues and management styles' [E3]. The consensus among the global managers was that living, working, or studying abroad has an impact on a manager's frame of reference. They move away from stereotyping and integrate other ways of responding into their perspective. The challenging experience of global work could lead managers to question their mental models and develop new ones.

Another aspect of global work experience is global travel. As Oddou and colleagues (2000) conceptualize, global travel is a valuable tool in globalizing people without the considerable financial investments related to expatriate assignments (e.g. housing, allowances, child care). To quote two of the interviewees: 'Experience is very important. An expatriate position is good, also travelling around the global' [B1]. 'You can't do it without travel, it's imperative' [F2]. Global travel was also mentioned by the interviewees as one of the most difficult aspects of a global job because it is not always easy to leave home and the domestic office for some weeks or even longer. 'Sometimes my colleagues get bold when I'm abroad again. And it is not always pleasant to be far from home'. [B1]

#### **4.6 Global business knowledge and organization knowledge**

One of the historical reasons for sending managers on overseas assignments was to carry out a specific task because local management was not considered able to meet the job requirements (Stroh et al., 2005). The primary job was to run the business abroad. As global work experience is important in becoming a global leader, business and organization knowledge are often mentioned as important aspects of global work if one is to remain effective in a global leadership role. Therefore, global business and organization knowledge are essential in developing global leaders.

The interview analysis indicates that global business knowledge is an important basic factor in understanding the complex environment and in gaining respect from people in overseas locations. One of the global managers described it as follows. 'Business knowledge is important. You need to understand what's going on, otherwise you cannot communicate very well with specialists in the field. If you do not add anything to their work it is very difficult to perform your role' [F2]. The interviewees find that working in a global business is more complex and more dynamic. There is more in hand and more issues to deal with. Although running a business is considered to be the same everywhere, possessing global business knowledge and adding a "bigger picture" to the global and local market perspective is a prerequisite for a global leader. Our findings resemble the empirical study by McCall and Hollenbeck (2002) as they refer to the strategic challenge of global executives when balancing the global perspective of the company with the local business situation. In Table

4.2, the evidence regarding global business knowledge and organization knowledge is presented.

<b>Table 4.2 Evidence for global business knowledge and organization knowledge</b>	
Process	Evidence
Global business knowledge	<p>‘Business knowledge is important. You need to understand what’s going on, otherwise you cannot communicate very well with specialists in the field. If you do not add anything to their work it is very difficult to perform your role’. [F2]</p> <p>‘The environment is changing, therefore it is important to understand worldwide developments. You need banking knowledge and experience as we work in a professional type of environment’. [E1]</p> <p>‘Knowledge of the global financial markets can be very helpful’. [E4]</p>
Organizational knowledge	<p>‘It is important to establish clear reporting lines....everybody understands hierarchical reporting lines. You have to really know the local circumstances in doing business over there. If you are on the credit committee you get a lot of credit applications all over the world. You need a lot of experience and knowledge to be involved in these kinds of things. When you open up a new office, you have to be aware of how it operates in that country’. [F1]</p> <p>‘I had knowledge of the functional area. The acceptance by the regions is more that I enabled them to understand the bank’s policies, norms, workings, etc’. [F5]</p> <p>‘In a global leadership role, you have to be aware of what’s happening in the different main locations in which the business originates from, for example, UK, US, Tokio and Singapore’. [E3]</p>

Organization knowledge refers to the company’s worldwide organizational structure in order to align people and processes in the pursuit of a global strategy. The global managers interviewed express a need to know what is going on in the regions, and how to put all these local business activities into a broader framework in order to make the right decisions. At the same time, they look for methods, processes, and technical applications that could be standardized globally. Especially those global managers with functional responsibilities stress the importance of global standardization and centralized policies. As one of the global managers illustrated: ‘We’re taking up the functional responsibilities in setting more global standards, roles, and guidelines. Things such as cost drivers, efficiency, these have been done. We’re now focusing on making the right investments and achieving transparency in processes’ [F5]. The nature of their work and their ability to achieve cost efficiencies enable functional managers to establish uniformity in their business. Continuing with the same global manager: ‘In the functional business line, worldwide functional language is a way to align different locations. For example, in IT, people use the same hardware and software in all the regions’ [F5]. Another aspect of organization knowledge is the need to understand hierarchical reporting lines, especially when the people reporting to the global manager are geographically dispersed. For one global manager, having direct reports from overseas was a new situation when entering the global business environment. ‘When I worked in the Dutch environment, it was a situation in which all the people were operating in one location. The managers reporting to me, I could see them operating on a daily basis. In a global position, people work in different locations’. [E2]. One of the global functional managers referred to his company’s multidomestic organizational structure in which local functional employees

report to their local management rather than the global functional manager. This is quite common in companies with a more-centralized hierarchical reporting lines. Often, global managers work in a matrix organization. Consequently, they need to involve more people in complex decision-making processes.

## 4.7 Cross-cultural competencies

The global managers interviewed reported that, unlike their domestic and expatriate colleagues, they have less opportunity to build intensive relationships with their local staff as a result of the vast distances between them. The moments when global managers can display their leadership skills are limited to visits, teleconferences, videoconferences, phone calls, and off-site meeting. This distanced leadership role puts an emphasis on cross-cultural sensitivity, listening skills, and an ability to formulate and communicate a shared vision. Some interviewees also mentioned the necessity to express themselves in more than one foreign language. Respondents who had expatriate experience emphasized the advantages of an international assignment in learning more about intercultural contact. The global managers, by cross-cultural competency, mean that one knows how to act in concurrence with foreign customs and how to build relationships with people with different cultural backgrounds. Based on the interview results, we identify two processes that make up cross-cultural competence: cultural sensitivity and intercultural contact. Table 4.3 presents the underpinning of the these processes.

<b>Table 4.3 Evidence for cross-cultural competencies</b>	
Process	Evidence
Cultural sensitivity	<p>‘Recognize why people are doing things, being aware of the local circumstances. Decision making in London means you have to follow the formal route’. [F1]</p> <p>‘I learned business knowledge from the books, cultural knowledge from experience. You earn respect from others because you know your business, and then by being interested in the people with whom you work’. [F4]</p> <p>‘It would be helpful if you were trained in cross-cultural competences. However, this is more important for an expatriate than for a global leader’. [E4]</p> <p>‘I think the most important one is to be able to listen, to understand where people are coming from. If you’re able to do that and if you have the patience and a real interest in where others are coming from and try to understand as best as you can, I think you will be able to lead other people in the direction you want them to go’. [E5]</p>
Intercultural contact	<p>‘Being an effective communicator is important, you have to be very tactful’. [F2]</p> <p>‘Dealing with people with other cultural backgrounds and gaining respect from them’. [F5]</p> <p>‘Building relationships takes time, especially in the Far East. It was difficult to build up business there because of the cultural differences between our country and China’. [E6]</p> <p>‘If you are responsible for business in different locations, you see that people working in those very international areas are coming from different countries. That brings in the multicultural aspects’. [E3]</p>

In this study, cultural sensitivity refers to the ability to listen and understand people with other cultural backgrounds. A global manager illustrated the importance of cultural sensitivity saying: 'When entering the global arena, it's dealing with cultural differences, making mistakes. Another thing is waiting at the airports. It's challenging when you are somewhere and you can't read the names of the streets. When you're speaking to small groups of people ranging from junior to senior levels in three countries in one day, that's quite a skill I think' [F4]. As such, crossing cultures in combination with crossing borders was often seen by our interviewed managers as the most intensive new situation they face when working in a global leadership role. 'The business model is quite the same all over the world, it's the culture shock that is the most intensive experience' [B1]. He continued: 'You see things in perspective and learn to appreciate your own country and culture. I was at a meeting in Cape Town and I noticed a towel machine and a condom dispenser. That was totally new. The condoms were supplied by my company in South Africa, for free. I came back to the meeting room and I told them what I just had found out. It made me realize how important AIDS is in South Africa' [B1]. Cultural sensitivity is considered to be important in being successful in business. When you are not aware of other ways of responding as a result of differences in cultural backgrounds, you will make mistakes. As one of the global managers explained: 'When I came back from Taiwan, I told my boss that the negotiations were successful after three weeks of talking. He asked me: "are you sure"? I said: "yes I'm sure". A week later, we received a letter from the Taiwanese that they appreciated our conversations very much and that they would like to start the negotiations now. So I was completely wrong. I didn't have a clue what they meant' [E5]. Here, this managers is referring to learning by doing. Learning cultural competences is not something you can learn from books, it is important to actually experience cultural differences. A manager agreed: 'I learned business knowledge from the books, cultural knowledge from experience. You earn respect from others because you know your business, and then by being interested in the people with whom you work' [F4].

Being sensitive to people with other cultural backgrounds is not sufficient to be able to operate successfully in the global arena. A global leader is considered one who can formulate and communicate an appealing vision and a shared global strategy, and can inspire a multicultural workforce. Therefore, intercultural contact with people from around the planet is essential to get things done. As one of the executives confirmed: 'It is important to communicate well in other cultures to make people understand the idea you want to get across. Therefore, language skills are important' [E6]. To be successful in intercultural contact, it is important to be yourself in building relationships with employees with other cultural backgrounds. As one of the global managers put it: 'You should not try to be a local leader in each location. If I fly to China I should not try to act like the Chinese, you should stick to your own style of thinking and your own management style as much as possible. But you need strong social skills to interact with other people' [E4]. This manager was emphasizing that managing cultural differences is not the main purpose of leading a global



business. It is important to have different personalities in your management team to ensure that there are different perspectives in decision-making processes. Often these differences in perspectives originate in the various cultural backgrounds of the management team members. As the previous manager explained: 'I am not looking at my MT as: hey, there's a German, hey there's an Englishman. I'm looking at them as: this is person X, this is person Y. They are different personalities. For me, doing global business is not necessarily related to managing cultural differences' [E4]. It is important to remember that a domestic executive responsible for only local business may have a multicultural management team. The global managers interviewed maintained that being responsible for people with different cultural backgrounds is not a critical criterion for being a global leader. The critical criterion is to be leading a global business involving people with different perspectives, as a result of their cultural backgrounds, who are working at different locations around the world. Further, it is important to collaborate with people in various locations. Therefore, a global leader must be "on the move". A global manager wants to spread the message around the globe and therefore has to travel a lot more than a domestic manager. A domestic manager is closer to the local markets. However, both global and domestic managers are responsible for building a competitive position and for forming and leading successful teams. Expatriate manager also have a domestic role to play according to the interviewees. These managers are also local managers and, to be successful, it is important that they adapt their behavior to the local ways of working. This is one of the differences between the expatriate manager and the global manager. As one of the global managers put it: 'An expatriate manager is a local manager, trying to learn the language, becoming part of the local society. A global leader would not have the time to do so' [E4]. The interviewees considered an expatriate assignment as a good way to learn intercultural lessons, but saw the expatriate leader role as more closely related to that of the domestic leader than to the role of the global leader. This especially the case when the domestic manager is also responsible for people with different cultural backgrounds (e.g. in leading multicultural teams at the headquarters of an international bank). So when comparing the global leadership roles with domestic and expatriate leadership roles, the global leadership role is much more complex and dynamic.

#### **4.8 Global mindset**

We asked the global managers about changes in their perspectives as a result of working and leading globally. The reason for this question was the premise that the perspective of people working globally would change because they see a lot more, hear a lot more, etc. According to the attitude literature, being exposed to new experiences could lead people change their opinions, beliefs, and attitudes (Fishbein & Ajzen, 1975). We also wanted to know which attitude objects are influenced by such new experiences. In the interviews, a few managers wondered what we meant by changes in perspective. We asked them to describe the meaning of this in their own words. One manager replied as follows. 'A change in



perspective is a gradual process. It does not happen overnight. Factors influencing a change in perspective are job and personal life experiences. This involves a lot of observation: looking at how other people act and how other people react to these actions, both in their job and personal life' [E1]. This answer indicates that changes in perspectives are related to both personal experience and work experience. Another manager wondered whether people change as a result of job experiences. He said: 'People change through a process of aging, you mature. You probably know the joke: if you're twenty and not a socialist, you don't have a heart. But if you're thirty and still a socialist, you don't have a brain. Other things do not change, like people's values. I think it would be really difficult to change someone's personality. You can change your perspective but you still have your own values' [F3]. Some managers responded that their global leadership role had also changed them as a person, other managers contended that they were still the same person and that changes had only taken place on the level of their "worldview", or "mindset". However, they all agree that working across borders influences their family situation, especially in the event of expatriation.

When working globally, the manager is often far from home. The family environment needs to change too, and to understand that the managers have a position where they are on the move all the time and have less time for social obligations at home. When questioned about changes in perspectives as a result of their global leadership role, our interviewees respond that global travelling or expatriation influenced their thinking on the social environment, their business, cultural differences, and crossing time zones.

Our respondents expressed a view that they have a broad interest and understanding of what is going on in the world, seek differences and commonalities between various countries regarding economic, political, and legal topics, and in terms of civilization and national cultures. Some managers stated that openness to new experiences and awareness of what is going on in the world, and in their worldwide operating company, are important factors in their global leadership role. These findings support the conceptual and empirical literature (e.g. Gregersen et al., 1998; Jeannet, 2000; Kedia & Mukherji, 1999; McCall & Hollenbeck, 2002; Rhinesmith, 1996).

Overall, global managers have positive attitudes towards their (1) global and local business environment, (2) their global and local organizations, (3) people with different cultural backgrounds, and (4) dealing with time zones. We call this positive set of attitudes the "global mindset". In Table 4.4 the global mindset dimensions are presented.

<b>Table 4.4 Evidence for global mindset</b>	
Dimension	Evidence
Business & social environment	‘My perspective on global business has changed. It is better to be a strong market player in a small business than a mediocre player in a large business’. [E4]
	‘Your view on the world changes. You put your life in perspective, seeing differences in rich and poor. You are hungry for newspapers, you want to know what’s going on when you’re somewhere’. [F4]
Organization	‘Awareness of how to organize a global network’. [E1]
	‘A local HR problem in Utrecht could be a major problem from a local point of view. But now when I’m looking at my global span.... your local problem doesn’t weigh up against a local problem in New York for example’. [E4]
	‘I learned to put the right people in the right positions and trust that they will do their jobs. As a domestic leader, you can walk around the floor and ask your employees about the business. You can’t check worldwide business operations on a daily basis like that. You need to manage the global organization from a broader overview’. [E4]
Culture	‘You learn to appreciate your own country, but also see the negative side of it. You accept the pace of working in Asia in comparison with Holland. You see the negative aspects of cultures, but also the positive things of course. I think I’ve changed from someone being very specific, result driven, to someone who tries to tie everyone together. I’ve basically changed from thinking centrally, to thinking bottom-up.... to link all the units in the regions’. [F1]
	‘Establishing relationships is more important than cultural differences between people. The fact that my man in Singapore is Chinese.....and that he has a different upbringing is relevant, but it is less relevant than the fact that I don’t know him very well personally’. My awareness of what’s going on in the regions has increased’. [F2]
	‘It’s not to lose your identity but to learn how to get things done in other countries...to adapt to changing environments’. [F3]
	‘The willingness to understand other cultures is not something you can learn. You need to be open to a multicultural environment’. [F5]
	‘Get away from stereotyping and have an open attitude towards your environment. I think you have to have an open mind in order to communicate appropriately’. [E5]
Time	‘I realized more that we work in a 24-hour business. When you are sleeping, people are working for you in Asia’. [E4]

We will now discuss these four aspects in more detail. First, global managers are “open to the world” which means they are interested in living and working abroad, like to travel, are able to put work and life experiences into a broader framework, and understand various local societal priorities. They perceive the world as one marketplace, believing that markets are not limited to national or natural borders but that they can be customized locally. To quote one of the managers: ‘To become a global leader, you really must see the world as your operating theatre. It would be difficult to become a global leader if you have never done anything outside your own geographical area’ [F3]. To put work in a broader perspective means knowing where the business is heading and which activities are needed. Therefore, a global mindset is likely to be related to entrepreneurship as one the executives noted: ‘A global mindset means that you have the right feeling for where the business is moving in different parts of the world, that you know the strengths and weaknesses of your company and of other organizations. Particularly to exploit your strengths and overcome weaknesses’ [E1]. Another executive used the word “worldview” to indicate a broader perspective on business: ‘A worldview refers to the ability to handle greater complexity,

dealing with helping and disturbing factors, a broader scope in defining strategy, decision-making. You cannot run a global business with only Dutch people' [E3]. Another manager added: 'You have to keep your mind open, not to take things for granted wherever you go' [E5]. These managers appreciate changes in worldwide business and integrate similarities and differences between local and global business. 'Because of the distance between yourself and the relevant environment, it becomes impossible to gain a full perspective on these changes. Therefore, it is important for a global leader to be part of the relevant environment' [E6]. The change in perspective originates from being exposed to a global business. As such, global work experience is an important factor in changing in personal perspectives on doing business. 'Seeing global businesses fail changes your perspective on global business. You learn from your mistakes and use local business as your sounding board. It also develops your interpersonal skills' [E4]. A changed perspective becomes tangible in a global manager's behavior: 'You read more newspapers, learn from different perspectives while being in different locations. You take different angles in assessing situations' [F4]. From the interviews, we saw that the business dimension of global mindset can also be related to strategy formulation and decision making concerning market entries and product developments.

The second global dimension refers to other ways of organizing the company. For example, in situations where a global approach is more fitting or when establishing global concurrence is an advantage to the whole multinational organization. At the same time, and for the same reason, they lift local business to a global level in order to improve the relative global business position of their company. Global managers are aware of the geographic spread of subsidiaries and the distant organizational processes in order to be able to pursue the global strategy and achieve global and local business objectives simultaneously. Taking on responsibility for people working over vast distances is mentioned by global managers as one of the new situations faced when starting in a global leadership role: 'In working at a distance, not working in a team that is close to you, the intensity of the work relationship changes and becomes more concentrated on meetings, setting up bilateral phone calls, visits, etc.' [F2]. These new experiences change the way global managers think about how the global and the local processes of the worldwide organization can be managed and the geographically dispersed workforce motivated. Some managers called this change in perspective "increased awareness". As the previous manager illustrated: 'When we agreed to set up a different risk frame for an activity in New York, it was not something that would have an impact on me or on the risk manager in New York, it's going to have an impact on the activities of the office in New York. To implement the change smoothly, you have to know what's going on in the office' [F2]. One of the executives confirmed: 'We converted the bank from a multinational organization, with the country managers as the most important hierarchical position, into a matrix organization in which the country organization is combined with the functional organization involving functional global heads. No one person is overruling the other' [E1]. As such, the organizational configuration shapes the way people

behave in the company. The international bank needs managers who are able to balance global and local perspectives. 'We call it concurrence. The functional manager asks the country manager to help him in improving cross-selling, the country managers asks the functional manager for support in the local sales process' [E1]. Another aspect concerning the organization is in making balanced decisions between global efficiency and local adaptation. One manager reported differences in the ways of organizing organizational processes in two countries when he became a global manager: 'The technical skills and working in global markets were not new for me, it was the organizational infrastructure and operational issues. Also HR issues like reward policies, appraisals, etc.' [E4]. A colleague confirmed this: 'When I started to work here, it was the time for rewarding. I noticed differences in how people get a bonus in the Netherlands and in London' [E2]. According to another manager, to resolve such differences, a global centralized approach is sometimes necessary. In his perception, a global mindset is 'looking for those things that could be a common standard around the globe. Set aside the local and the regional when a global approach is more fitting' [F5]. The organizational dimension of a global mindset becomes manifest in leading global virtual teams and in decision making concerning organizational structures and processes.

Openness to people with other cultural values is the third global mindset dimension. Our respondents worked together with people with various cultural backgrounds, were open to other ways of responding, were able to apply different methods, and were willing to learn other languages. Although they easily adapted to other people, they still appreciated their own personal values, cultural roots and country of origin. Managers indicated that they had often already learned their cultural lessons prior to taking on their global leadership role, admitting that expatriate assignments, global travelling, and formal training could help in developing a global mindset: 'Having lived abroad helps because you have to adapt to the other country. You get more feelings of what that means. There have also been courses in which more than fifteen nationalities are present. You learn more from the discussions than the content of the course' [E5]. Meeting people in meetings is important for learning and for changing perspective. However, you need to be open to other ways of responding, if you are to take full advantage of these cross-cultural experiences. 'The willingness to understand other cultures is not something you can learn. You should be open to a multicultural environment' [F5]. As one of the executives put it: 'Get away from stereotyping and have an open attitude towards your environment. I think you have to have an open mind in order to communicate appropriately' [E5]. Global leaders still face new situations when working in the global arena: 'It's difficult to say what was new when entering into a global role because I had never worked in a domestic role. But what you can say was relatively new was to find the right people in the right locations. It is more difficult to find a trader in Singapore than a trader in Argentina because they're all traders there' [E3]. Because global managers have a worldwide perspective on business and the company, they are more able to integrate the thinking of different local management teams. 'It is out-of-the box thinking' as one global

manager explained. 'For example, you show the management team in New York how a business model successfully works in Holland. And you say: let's do some scenario thinking. Let's put up five names of clients out there, maybe invite them. Ask them if we were to approach you in this way going forward, how would you look at that?' [E4]. Hence, the culture dimension of global mindset is reflected in the way global leaders connect people across the globe and how they interact with peers, employees, and customers with different cultural origins.

Finally, the interviews indicate that global managers are willing to incorporate in their business perspective the time zones in which their employees at foreign subsidiaries live and work. As a global manager explained: 'I realized increasingly that we work in a 24-hour business. When you are sleeping, people are working for you in Asia' [E4]. Although this aspect was mentioned by only a few global managers, it is important because this empirical finding contradicts the conceptual literature. According to a number of writers (e.g. Srinivas, 1995) the time dimension of the global mindset refers to having a long-term perspective of doing business globally. This assumption implies that managers with global mindsets should be focusing on strategy making and not on short-term success. It also suggests that managers without global mindsets lack a strategic perspective on their business. Our findings do not support this premise. The literature on globalization does support our empirical finding that globalization is a process of a time-space compression in which time is experienced as being separate from space and distance. It is a "shrinking" of time because the time taken to do things is reduced (see Chapter 2). Therefore, in conformity with globalization studies, we consider the time dimension of a global mindset to be the integration of time zones, and essentially all time zones.

#### **4.9 Leadership effectiveness**

Partly as a result of their global mindset, our respondents were optimistic about their job and global career, and indicated that their job had been more satisfying since they started working on a global level. They were able to deal with more complex problems, to reflect on the company and on their work. They also had feelings of being more successful, being more competent, and perceived higher job satisfaction. Based on the interviews, global leadership requires leadership skills. Prior to taking on global leadership, a person needs to have demonstrated domestic or expatriate leadership abilities, including interpersonal skills and the ability to motivate employees. When being successful in their global leadership roles, the interviewees report feelings of career success and career satisfaction. Interestingly, they do not refer directly to formal annual performance ratings or indicate their success in financial terms. Therefore, we will describe leadership effectiveness in terms of career success and career satisfaction. In Table 4.5, these two aspects of leadership effectiveness are presented.

<b>Table 4.5 Evidence for leadership effectiveness</b>	
Process	Evidence
Career success	<p>‘If you don’t have that mindset, you don’t behave like that. It starts with the mindset and then basically its operating and acting. I’m more successful. I would like to stay abroad for some years’. [F1]</p> <p>‘I think I’m more successful in my job’. [F2]</p> <p>‘We established cost efficiency and greater standardization’. [F5]</p>
Career satisfaction	<p>‘When people in the regions working for me – I should say working with me – are successful, then I’m successful. It’s teamwork. It’s enjoyable to work internationally’. [F4]</p> <p>‘I like to work in an international environment’. [E6]</p>

Career success was the first aspect of leadership effectiveness mentioned by the interviewees. Building a global career goes in steps. As McCall and Hollenbeck (2002) point out, there are many paths to global leadership. Our research findings support their empirical study. As described in Section 4.5, some of the interviewed global managers took on increasingly demanding global responsibilities in each step of their career. Others developed into an increasingly global leadership role in parallel with the globalization process of their companies. When we asked managers about factors that helped one remain successful in their current role, we received a variety of answers. From the answers we got the impression that effective job performance and career success are related to the specific situation that a global manager has to deal with. As one of the executives put it: ‘I’ve seen a lot of my colleagues in the area of finance or risk who didn’t have the same type of career. Why was that? They were missing sensitivity to the environment, they were missing a perspective. They were extremely good in doing a trick, but were not able to make the necessary changes in executing these tricks dependent to adapt to the situation they were in’ [E6]. Another aspect of career success is adapting one’s leadership style to the global environment. More specifically, to exhibit leadership behavior that is culturally endorsed. One of the managers provided an example: ‘Working globally means you have to listen more. I also needed to change my leadership from a more directive to a more participative style’ [B1]. Other aspects of perceived career success are having feelings of improved job performance, being more effective in leading professional teams, and the ability to “get the right people on board”.

Career satisfaction refers to feelings of well-being in the global leadership role. All the respondents stated that they intend to stay in their global role and to continue their global career. The feeling of satisfaction is often related to the success of the manager’s departments and the people working for them. As a result of career satisfaction, global managers often intend to work abroad because they are curious about the country, the language, etc. ‘I was already interested in the world and desired to explore the world. It’s enjoyable working internationally’ [F4]. According to a few managers, sometimes the family situation can be a constraint on living abroad for a number of years. Therefore demographic

factors could play an important role in developing global leaders and global mindsets.

#### **4.10 Conclusion**

Our first empirical study reveals a number of essential global leadership qualities.

First, managers with global responsibilities possess extensive global work experience, often long before they were appointed to a global leadership role. They learned their lessons from expatriate assignments, by global travel, or by multicultural courses. Therefore, global work experience is essential for becoming a global leader.

Second, whilst being a global leader, global business knowledge is important in order to understand what is going in the world. It is also a first step in gaining respect from people reporting to a global leader and to inspire them with a vision of where their business is heading. The next challenge is to add organizational knowledge so as to connect people in geographically dispersed locations and integrate global standardized policies with local customization processes.

Third, cross-cultural competencies were considered as essential global leadership qualities by almost all the interviewees. Global leaders have only limited time to express their leadership goals because of constraints in bridging time and space. Unlike domestic or expatriate leaders, global leaders have fewer opportunities to build intensive relationships with the people reporting to them. Therefore, a high level of cultural sensitivity is necessary to achieve meaningful interactions with important others.

The fourth essential global leadership quality is a global mindset, which is often referred to as a prerequisite for leading a company from an integrated perspective. Among the interviewees, there is consensus on global mindset as a set of positive attitudes towards global and local business development, integrating global and local concerns when structuring the organization, and reconciling other perspectives and ways of responding of people as a result of their different cultural backgrounds. We found that a global mindset also includes a time dimension.

To summarize and reflecting on the first research question: *what is a global mindset?*, we conclude, based on literature study and our first empirical research, that an individual global mindset is a set of attitudes that are positively related to the integration of global and local business environments, global and local parts of the worldwide organization, the perspectives of people with different cultural backgrounds, and time zones. This set of attitudes is probably influenced by personal experiences related to demographic factors and job experience based on characteristics of the leader's global work. There are also indications that a certain level of global mindset is positively related to career success and

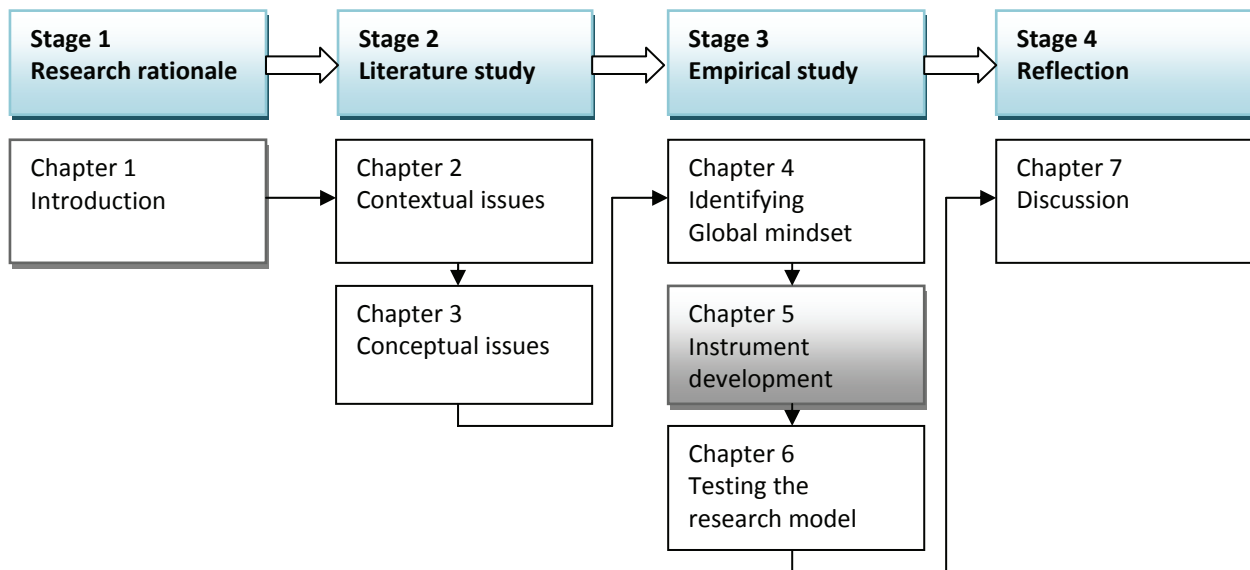
career satisfaction, which we consider as outcomes of effective global leader behavior.

The next challenge is to operationalize the global mindset concept and to measure it by developing appropriate items. This is necessary in order to assess the relationship between global mindset and leadership effectiveness. Measurement issues related to a global mindset is described in the next chapter while the relationship between global mindset and leadership effectiveness is addressed in Chapter 6.





## 5 Instrument development



### 5.1 Research strategy

#### 5.1.1 Research issue

As described in Chapter 3, there are only a few studies available that address the measurement of global mindset at the individual level, and an even smaller number are also empirically tested. Moreover, each existing study is based on different conceptual understandings making a comparison of the research results difficult. In this thesis, we aim to expose the global mindset concept based on empirical findings. Through interviews with managers with global responsibilities, we have identified the need for positive attitudes towards integrating global and local aspects of transworld business and social relationships that they consider to be essential global leader qualities. As discussed in Chapter 4, we label this quality a “global mindset”. In this chapter, we address our second research question: *how can a global mindset be measured?* In order to answer this question empirically, we conduct a second field study to test the operationalization of our global mindset concept. Based on literature and the results of the interviews, our aim is to build an instrument to measure the global mindset concept at the individual level. We call this instrument the “Global Mindset Questionnaire” (GMQ). In contrast to the first field study, this empirical research aims to collect quantitative data in order to support the instrument development.

As discussed in Chapter 3, there is a consensus among authors that there are other attitudes towards global and local businesses than only the global mindset. Probably as a result of different representations of globalization processes (Scholte, 2005), people construct their beliefs and attitudes in different ways. Here, it is conceptualized that people may hold

various ethnocentric attitudes towards doing business across borders or when foreign companies enter their home country (Gupta & Govindarajan, 2002; Jeannet, 2000; Perlmutter, 1969). This does not imply that people with a home country-oriented representation of the world are inherently against international business. However, it is not “globalism”, since they consider their home country and domestic industries’ interests central to their overseas operations. Other people believe that we live in one unified world in which everything everywhere is the same (Levitt, 1983; Ohmae, 1990). These people conceive of globalization as “universalization” and, eventually, standardized consumer preferences and products and cultural uniformity will be the new business logic. Although there is much conceptual literature available, little empirical research at the individual level supports these distinct business attitudes towards globalization processes. Therefore, we also examine two other possible mindsets based on the conceptual literature: a “local mindset” with which people are considered to hold home country attitudes when doing business globally, and a “universal mindset” where people are in favor of centralized and uniform approaches to global operations.

The objectives of the second field study are twofold. First, we aim to measure a global mindset and its dimensions as identified in the first field study using quantitative data collection. Second, we examine whether the global mindset, local mindset, and universal mindset are distinct concepts and to what extent the four identified dimensions are present in each of the three mindset types.

### **5.1.2 Method**

In order to develop and test the Global Mindset Questionnaire, we collected data from people working in a globalizing environment using a survey research method (Babbie, 1998). We decided to conduct the survey in an international division of a Dutch bank. The international division consists of people who are working across borders and cultures, and people working in a role that can be characterized as somewhat domestic as they are working with Dutch people within home-country-focused organization processes. This combination of people with and without international or global work experience makes it possible to examine if there is a relationship between cross-border work experience and the level of the global mindset of people working in an organization, although our main focus remains on the basic objectives of the study. We operationalize the global mindset concept using measurable variables representing the relevant dimensions using literature and the earlier interview results as discussed in Chapter 4. We pre-tested the study design and analysis procedures. The survey was carried out in a web-based format and sent to the respondents by email. The survey and the email were conducted in English. We did not anticipate any difficulty in understanding the questionnaire as the formal language in the Dutch headquarters was English. The questionnaire was divided into two sections: the first

section contained questions pertaining to the three expected mindset types, i.e., global, local, and universal mindsets, and the second part of the questionnaire contained questions to obtain demographic and person-in-job information. After a pilot study, a revised version of the instrument consisting of 117 selected items was tested in a quantitative field study using a sample of managers and employees from an international division of the Dutch bank (N = 398). The responses for each respondent was used as the dependant variable (i.e., a measure of the global mindset). The independent variables included the personal factors such as demographic and person-in-job factors.

### **5.1.3 Questionnaire design**

We developed attitude scales in a manner consistent with procedures recommended by DeVellis (2003), Henerson and colleagues (1987), and Spector (1992). We used five-point Likert-type scales, with the five points anchored by “strongly agree” and “strongly disagree”. Higher scores on the global mindset dimensions reflect respondents who are more able to integrate global and local issues with respect to globalization processes. There were no negative-type questions requiring the scale to be reversed.

We initially developed an item pool with 181 items based on literature and the preliminary interview results. Once this base pool of items was established, we reviewed the items for clarity, sentence structure, and ambiguous meanings. This resulted in the elimination of forty items from the pool. In the pretest, another thirty items were rejected and six items were added to the questionnaire at the request of the senior managers. Eventually, 117 items were used in the online questionnaire. When developing scales, we included various items that could reflect (sub)dimensions of global mindset from perspectives that might represent the global mindset as well as related mindsets. The identification of items will take place in the data analysis process, using factor analysis. In Appendix B, the questionnaire items contained in the survey are presented.

As the survey was web-based, the pretest mainly involved the working of the designed IT-processes. The online version of the intended questionnaire was examined in order to check the layout and the way the items in the overall instrument were presented. Another aim of the pretest was to uncover any bugs in the data collection and data processing processes, especially the item coding and data-entry operations. The pretest revealed that only a few minor modifications to the layout of the questionnaire were required.

## **5.2 Sample**

The departments that participated in the study were mainly selected from the international division of a Dutch bank in the Netherlands. These departments were all part of the

corporate headquarters organization. The departments were Corporate Clients, Global IT Systems & Development, Global IT Infrastructure, plus global and local departments, and a few smaller departments. Further, a small number of regional subsidiaries of the same bank in the Netherlands were asked to complete the web-based questionnaire. The respondents were sent an e-mail including a personal access code and a hyperlink to a secured area on the internet. After entering their personal code, employees had access to the survey form. For company IT security reasons, the e-mails had to be sent from inside the company and, therefore, it took several weeks to provide the identified research group with the opportunity to complete the questionnaire. Another constraint was that the personal access code was valid for only a few days. Consequently, the access codes often expired because respondents were not able to participate as a result of agenda constraints or holidays. This could be one reason why the overall response-rate was somewhat disappointing and there were a relatively large number of incomplete survey forms. The survey was conducted in May and June 2007.

## **5.3 Measures**

### **5.3.1 Indicators of business environment**

According to the literature and interview results, the business dimension contains two sub-dimensions: (1) individual perceptions regarding global and local markets, and (2) attitudes towards societal issues. The first, the market dimension, contains attitudes a person holds towards the identification of market opportunities, competition, and economic growth, each covered in a scale in the Global Mindset Questionnaire. The identification of market opportunities refers to a manager's point of view when starting global operations. People with a global mindset are open to local market opportunities that can be brought to the global level and vice versa. They integrate global and local market circumstances into a single perspective on doing transworld business. Managers with a local mindset have the perception that products are meant for the domestic market and are only subsequently sold abroad. This is the classical idea of initial home-country-production, followed by international acquisition and commitment to foreign markets (Johanson & Vahne, 1977; Vernon, 1966). We label this type of attitude a local mindset based on the "international approach" as discussed in Chapter 3 because it can be characterized as ethnocentric in that it takes the home country as the starting point in doing cross-border and cross-cultural business. Therefore, we developed items to reflect this attitude, such as "the starting point for searching for business opportunities is my home market". The universal mindset, on the other hand, considers the world as one big market place and is in favor of companies working with a real global (geographical) scope. To reflect this attitude, we included items such as "I scan markets globally for business opportunities" and "I support companies that are really global". Contemporary globalization processes influence the competitive position

of companies because home country companies take over firms abroad, or domestic companies may be acquired by foreign competitors. People with global mindsets consider these developments as a logical consequence of worldwide business. Hence, we include items to cover this attitude: “global operating companies could effectively compete with real domestic companies” and “I support companies that are global in scope and foster local economies simultaneously”. People with local mindsets believe that domestic companies should reflect their national culture and heritage and, that therefore, they should not be controlled by others. They may recognize themselves in items such as “I support companies from the country most familiar to me”, and “Eventually, competition comes down to local supply and demand”. Unlike the local mindset, the universal mindset adopts a real global approach when it comes to competition. Following Levitt (1983), they are in favor of one unified and free world and so support companies that are really global. Economic growth addresses opinions regarding state-imposed restrictions on cross-border transactions and how companies should deal with it. From a global perspective, the best way to benefit from this process is to make balanced decisions on what can be standardized on a global level and how to maximize customer intimacy on a local level. The item developed that reflects this attitude is: “Only companies that integrate globally standardized products with local customer preferences will survive”. People with local mindsets are convinced that a thorough understanding of local markets is the most important factor for economic growth: “Only companies that understand a domestic market will survive”. In contrast, a person with a universal mindset believes that only companies that operate globally will survive.

The second sub-dimension, “societal issues”, refers to the way individuals perceive societal events, i.e., their attitudes towards citizenship and towards the role of governments. The differences between the three mindsets are considered to be as follows. With respect to citizenship, the global mindset asserts that local communities are part of one global community. However, in contrast to the universal mindset, a person with a global mindset believes that each community or nation-state retains its sovereignty. Globalization may even strengthen a country’s feeling of sovereignty (Scholte, 2005) but, as the world is “interlinked”, it offers a lot of opportunities to display their home country qualities in certain domains (e.g. the football World Cup). An example of an item used is: “I am both a world citizen and a citizen of one or more countries”. Conversely, local mindsets consider themselves as only a citizen of their home country, and prefer the community most familiar to them. Universal mindsets give a broader meaning to citizenship by expressing their desired identity of being a “world citizen” in which local communities are part of one global community. Such people consider themselves to be “open to the world”, meaning they are interested in worldwide trends and developments, consider national borders as meaningless, and favor one global community. In the literature, these people are often referred to as “cosmopolitans” because of their truly global outlook and their attempts to establish a “global culture” through their “way of life” (Breckenridge et al, 2000; Hannerz, 1996; Tomlinson, 1999; Vertovec & Cohen, 2002). As proposed by two managers in the pilot study, we included two other aspects of

societal issues: the need to consider pollution and the world environment, and the feeling of being part of the world by reading newspapers. Together with the managers, we transformed these issues into perspectives for each of the mindset types. For example: from a global perspective, worldwide sustainability starts with one's own environment. From a local perspective, the concern is to keep one's home town clean, while the universal mindset takes the problem to a general level by considering global warming as a unifying problem. Finally, each mindset has a different perspective on the role of government. Globalization has changed the role of government in the sense of shaping the space in which social relations can be established and changing statism as the central attribute of regulation (Scholte, 2005). The central question in the discussions concerning the role of government is: should globalization reduce government regulations in order to realize a "borderless world", or do borders still matter? In concurrence with "supraconnectivity" and the idea of an "interlinked" world, the global mindset supports a government that connects with many other governments in the world (e.g. transworld alliances). However, some people take the opposite position and support a more statist government that stresses the interest of the home country and defends domestic companies by hindering foreign competitors in their efforts to build a significant market position within their borders. They also argue that international or global agreements on sustainability should only be made as long as they will not harm the national economy. As such, people with local mindsets support a government that stresses the interests of their home country, while people with universal mindsets believe, in many countries, that territorialism is fading away and that global regulatory mechanisms take place on a larger scale. They are in favor of a "super government" that supports economic integration and sets the rules for all national governments if they exist (an example on a regional scale is giving a more powerful role to the European Union).

### **5.3.2 Indicators of organization**

The structuring of the second global mindset dimension is, alongside the interview results, based on the work of Begley and Boyd (2004), Prahalad and Doz (1987), and Bartlett and Ghoshal (1989), and encompasses attitudes towards tangible and intangible elements of a company organizational configuration. Prahalad and Doz (1987) describe the strategic adaptation process of a transworld company's with its complex business environment. Bartlett and Ghoshal (1989) identified four ideal types of organizational configuration, based on the characteristics of the market structure in which the company operates. Begley and Boyd (2004) proposed a "Global Consistency / Local Responsiveness Grid"; a framework to analyze management decision-making based on the idea of balancing the global efficiency and local responsiveness of the transnational organization. According to Begley and Boyd, to achieve strategic objectives, a company's top management has to cope with the structural tension of global formalization versus local flexibility, the process tension of global standardization versus local customization, and the power tension of global dictate versus

local delegation. Their taxonomy of organizational configuration dimensions provides a broad overview of the simultaneous global and local tensions facing worldwide operating companies which they identified through empirical research with a sample of 39 HR executives in 32 publicly traded high-technology worldwide operating companies. Considering the above, the organizational dimension then consists of four sub-dimensions: (1) strategy, (2) structure, (3) process, and (4) power. The sub-dimension “strategy” has one scale and addresses a manager’s attitude towards a company’s competitive strategy building. A global mindset is expected to involve managers from both global headquarters and overseas subsidiaries in corporate strategy formulation processes. We included a number of items that reflect this integrated attitude, for example: “local strategies are part of one global strategy”; “I prefer a company’s strategy that integrates global cost efficiency and domestic market adaptation”; and “strategy-making involves global headquarters and all subsidiaries”. A local mindset emphasizes the importance of domestic strategies. They assert that local business determines the global corporate strategy. Therefore, items such as “I am fully committed to a company’s domestic strategy” and “subsidiaries should determine strategies for their specific market, independent from global headquarters” should find agreement. People with universal mindsets take an opposite position by stating that a single global corporate strategy should apply to all subsidiaries. New products need to be designed with the global market in mind. Hence, we included items to reflect this attitude, such as “I prefer a corporate strategy that fosters global cost efficiency”, and “Only headquarters should determine a worldwide strategy”.

The “structure” sub-dimension involves the company’s formal and informal interdependence and relationships. Managers may hold different perspectives on organizing the company’s assets and abilities. We developed a number of items, with one scale for each of the mindset types. Unlike the other two mindsets, the global mindset is willing to balance the pressures for global formalization and local flexibility. Balancing conflicting demands of headquarters and local affiliations is sometimes referred to as managing the “global paradox” (Rhinesmith, 2001). People with global mindsets make balanced decisions in structuring the global and local organization, i.e. they decide which functions should be centralized on a global level and which responsibilities can be best allocated on the local level. As with Bartlett and Ghoshal’s transnational organization type, people with a global mindset consider the worldwide company to be a network of interdependent relationships. Items covering this perception include “The role of global headquarters and subsidiaries should depend on global and local market circumstances simultaneously”; “Formal guidelines support interdependency between global headquarters and all subsidiaries”; and “Knowledge should be shared within the whole worldwide company”. Local mindsets are in favor of informal guidelines for local management to expand local business. They are in favor of subsidiaries working independently from headquarters. Therefore, we included items such as “subsidiaries should decide what guidelines from global headquarters they adopt”, “I regard foreign subsidiaries as a portfolio of independent businesses”. In terms of knowledge



sharing, they prefer to retain know-how within their local affiliation. Managers with universal mindsets prefer formal rules to control overseas operations and demand timely and comprehensive reports. They are in favor of a centralized approach in structuring the organization and a dominant role for headquarters in setting standards. As one of the global managers responded in the interviews: 'look for those things that could be a common standard across the globe. Set aside the local and the regional when a global approach is more fitting' [F5]. Items that reflect this attitude are: "Global headquarters needs to issue standard guidelines to structure the relationship between headquarters and its subsidiaries", and "I regard foreign subsidiaries as delivery pipelines to a unified global market". They also believe that knowledge should be retained at global headquarters.

The third sub-dimension is "process" and refers to uniformity versus uniqueness in worldwide organizational processes. It is the tension between the advantage of a global standardized approach, to improve coordination, and the opportunities of local mandates to enhance customization, flexibility, and timely response to market developments. Again, global mindsets are willing to make balanced decisions based on the company's values they want to express, or according to global, national, divisional, or functional needs. They foster interdependency between headquarters and subsidiaries when leading complex organizational processes within a worldwide company: "I manage organizational processes based on my experience and knowledge of global headquarters and subsidiaries of a company", and "I support multiple and flexible coordination processes within the whole worldwide company". Other managers hold attitudes in favor of a local approach when managing a business unit. Making a connection with organizational processes outside their functional or regional scope is something they leave to others. They probably recognize themselves in items such as "I manage organizational processes based on my experience and knowledge of a subsidiary", and "I support informal control between headquarters and national subsidiaries". Universal-minded managers assert that subsidiaries should depend on organizational processes that one developed and coordinated by headquarters. They manage worldwide processes based on their experience and knowledge of leading a company from a centralized approach, and they support the central control of a company's worldwide operations.

The fourth sub-dimension, "power" concerns the appropriate balance in decision power between corporate headquarters and subsidiaries. Managers may differ in their attitudes when negotiating agreements with one another on priorities and resources in which corporate requirements and local concerns are accommodated. As such, the power dimension addresses the political tension between global dictate and local delegation in managerial decision-making processes. When managers believe that corporate decision-making requires the active participation of managers from both headquarters and subsidiaries, this represents a global mindset. They prefer a joint effort in building a shared market vision and a corporate strategy in which all the relevant functions in the company are allowed to influence the decision-making process. A keyword here is trust rather than

control: “Trusting foreign management by delegating responsibility is more effective than controlling them with policies”. With a local perspective, managers would allow foreign management a higher degree of decision power because they see adaptation and customization needs in the local sales and distribution process. Especially in a multinational type of organization, host country-related business decisions are often left to local management because executives at corporate headquarters believe they cannot understand foreign managers (Bartlett & Ghoshal, 1989; Perlmutter, 1969). Therefore, when foreign management has ideas or a new vision on expanding domestic business that involves investments that exceed local means, they first need to convince their executives at corporate headquarters. When national country managers adopt a local mindset, they also state that the perspectives of local management should prevail in corporate decision-making. Items that could typically reflect a local mindset include “Foreign subsidiaries should operate as autonomously as possible”, or “Perspectives of local management should prevail in corporate decision-making”. According to managers with universal mindsets, the interests of corporate headquarters should prevail when formulating a company’s global strategy because of coordination and integration concerns. Items that reflect such a mindset include “Headquarters should control all worldwide operations with clear policies”, and “Decision-making is a formal management process of tight control from headquarters”.

### **5.3.3 Indicators of culture**

To understand the differences between domestic and global management, it is necessary to understand the ways in which cultures vary (Miroshnik, 2002). As discussed in Chapter 3, the cultural perspective on doing business globally involves knowledge of many foreign cultures’ perspectives and the understanding of people with other cultural backgrounds, plus an awareness of operating in a cultural context and an openness to people with other cultural backgrounds in order to think beyond one single cultural view. This cultural perspective is reflected in the culture dimension of the global mindset. The interview results indicate that global leaders first perceive their own cultural backgrounds in relation to the cultural backgrounds of others and then have positive attitudes towards working with culturally different people. As such, the culture dimension consists of two sub-dimensions: (1) “cultural identity” and (2) “cultural adaptability”. With respect to the first sub-dimension, attitude formation is partly determined by national cultural differences because humans are socialized by their own culture (Thomas, 2002). Cultural identity is also related to social identification processes and social cognition. This refers to the way people perceive their own culture in relation to others. It is a function of the integration of other people’s cultural perspective in one’s own frame of reference. Bennett and Bennett (2004) called this frame of reference an intercultural mindset and it refers to one’s awareness of operating in a cultural context. We operationalized the cultural global mindset dimension from a similarly integrated perspective as with the other dimensions of our global mindset concept, i.e. an

ability to reconcile one's own cultural perspective with the cultural perspective of others and to evaluate situations in one's own culture based on experience and knowledge of other cultures. Examples of items reflecting "cultural identity", as a sub-dimension of the cultural global mindset are: "Although I am a member of my own culture, I am nearly as comfortable in one or more other cultures", and "In evaluating an intercultural situation, one should draw on more than one cultural perspective". A local mindset becomes manifest, for example, when managers express how their culture is equivalent or better than other cultures. They hold typically ethnocentric attitudes towards globalization processes and the worldwide company. They evaluate situations in other cultures based on their own culture, and although there are differences between cultures, they prefer their own culture: "I accept that differences exist between myself and people from other cultures", "It is better to leave the evaluation of cultural situations to people coming from that particular culture". To summarize, the local mindset involves a strong ethnocentric cultural identity. In contrast, managers with universal mindsets are in favor of a single global culture that is not necessarily exactly their own culture although it should be related to it. They consider themselves as a "one-culture person" or part of a combined one global culture. In particular, they like the way they are living which they perceive to be "culturally endorsed": "I like to convince people from other cultures of the advantages of my culture", and "I am in favor of one global culture that is related to my own culture".

The sub-dimension "cultural adaptability" encompasses the ability to accept and to work with people with different cultural backgrounds. Culturally different employees are likely to have various interpretations of their relationship with the organization and to respond to changes in that relationship in different ways. The ability to comprehend cultural diversity depends on understanding the idea of culture itself (Bennett and Bennett, 2004). Therefore, knowledge of other cultures is important in order to form attitudes that reflect a global mindset. Deal and colleagues (2003) describe cultural adaptability as the motivation and ability to adapt one's behavior to the prevailing norms, values, beliefs, customs, and expectations that function as a societal-level prototype in a given geographical location. Cultural adaptability is critical if managers are to overcome the challenges of motivating and inspiring followers with different cultural backgrounds. According to Estienne (1997), cultural adaptability can be thought of as a willingness to learn and an ability to adapt. Cultural adaptability also involves a positive attitude towards working with people with other cultural backgrounds and is reflected in observable behavior, such as supporting a CEO from another country, a willingness to work together with team members with different cultural backgrounds, and the ability to adapt behavior to the particular circumstances in which they are working. Items reflecting this sub-dimension of the cultural global mindset include: "Nationality should never be an issue when promoting a person into an important senior management position"; It is important to build trust among team members because they have other cultural backgrounds", and "I would support a CEO in my company that comes from another culture". People with local mindsets are not in favor of seeking

intercultural contacts and they are suspicious of people with other cultural backgrounds, especially when these people hold important management positions. Typical items to describe their attitudes are: "It is difficult to build trust among team members when they have other cultural backgrounds"; and "When promoting a person into an important senior management position, it is important that this person is a country-national". Finally, people with universal mindsets support as single culture that prevails in the whole worldwide company. Preferably, this culture would be related to their own way of living and working. Unlike the local mindset, they are not suspicious of people with other cultural backgrounds as long as they accept their cultural values: "Team members from other cultures should adopt perspectives based on one culture", "Nationality is never an issue when promoting a person into an important senior management position as long as this person accepts my country's values", and "I support a CEO in my company that comes from another culture provided this person accepts my culture".

#### **5.3.4 Indicators of time**

Time has become an integral part of understanding the context of organizations (Halbesleben et al., 2003; Harvey & Novicevic, 2001). A time dimension of the global mindset has been proposed by Srinivas (1995) and also mentioned by Kefalas (1998). Srinivas (1995) and Rhinesmith (1992, 1996) conceive time as a long rope in strategy making. Also Kedia and Mukherji (1999) and Kefalas and Weatherly (1998) describe time in terms of a long-term strategic perspective on global business operations. As a long-term time perspective, time can be conceptualized as sequential, a series of passing or following events, a view which is common in achieving societies like the USA. However, in Asian cultures, time is perceived as synchronic, that is, the past, present, and future are all interrelated so that ideas about the future and memories of the past both shape present action (Trompenaars & Hampten-Turner, 1998). Conceptions of time are shaped by strong cultural values that cannot easily be changed (Hofstede, 1991, 2001). If time is perceived as sequential steps that shape the future, this could imply that people with Asian cultures would not easily form a global mindset. Srinivas (1995) suggests that people from countries with collectivist cultural values have more difficulties in acquiring a global mindset than people from countries with individualistic cultural values. This is a different understanding of time and of cultivating a global mindset as to the notion of "respatialization" by Scholte (2005) and "time- space compression" by Harvey (1989). Harvey and Novicevic (2001) argue that the time dimension of a global mindset refers to the importance of time in the social and economic context of today's hypercompetitive global environment, the speed of response to worldwide market developments, and the "quickenings" of decision making processes. Managers who are able to enhance their decision-making capabilities within "hypercompetitive timescapes" without compromising the basic principles of balancing risk are more able to keep their companies competitive. Based on Scholte (2005) and the empirical results from our first field research,

we believe that a long-time perspective is not always associated with a global mindset because one can have a long-term time perspective on business while being hopelessly locally minded. Time is an important element of global business because multinationals operate around the globe and subsequently across all time zones. For example, when financial markets in Europe close, stock exchanges in America continue, followed by trading in Asia. The interviews with global managers indicate that time is the awareness of managers that they are operating in a 24 hour business. Therefore, the time dimension of a global mindset actually refers to the awareness of managers of working in a business environment that encompasses essentially all time zones. This becomes manifest when managers are willing to consider the different time zones in which their company members abroad live and work, for example when scheduling conference calls with members from three continents. Hence, time is an important aspect in leading global virtual teams (Davis and Bryant, 2003), that is, the interactions of two or more individuals using a mixture of communication and collaboration technologies across boundaries of organization, time, and space to achieve some common strategic purpose for their organization. Items we included in the questionnaire are: “I balance time schedules of my company members and myself when working globally”, and “Doing business globally means focusing on deadlines of global headquarters and local subsidiaries simultaneously”. People with local mindsets are less willing to adapt their time schedules to fit with people working in other time zones: “It is impossible to adjust the time schedules of team members working globally”. They expect their colleagues at headquarters to adapt their time schedules whereas people with universal mindsets expect others to adapt their time schedules to them, wherever they are working.

### **5.3.5 Indicators of personal factors**

A number of personal factors were added to the questionnaire in order to examine if these could explain any of the found variance. To obtain demographic information about the respondents, questions were included about gender, age, marital status, nationality, and level of education. Also a number of person-in-job factors were included related to the respondents' current job. Questions included the nature of the work, the department where the respondent works, the number of years studying or working abroad, and the number of visits abroad each year.

## **5.4 Pilot study**

A pilot study is often described as conducting the entire study from sampling through to reporting (Babbie, 1998). The aim of the pilot study here was to examine the face validity of the Global Mindset Questionnaire. Assessing the face validity of an instrument for

organizational behavior is important in determining whether the Global Mindset Questionnaire appears to measure what it is intended to measure (Reddin, 1994). To determine the instrument's face validity, we asked a pilot sample to complete a pilot version of the survey. The pilot-study questionnaire contained all the intended questions in wording, format, and sequencing. We asked them to examine the scale definitions and then to read the items comprising each scale, and relate them to the scale definition. Three senior managers and three HR specialists completed the questionnaire to examine whether the Global Mindset Questionnaire does indeed reflect a set of positive attitudes towards the integration of global and local business, global and local parts of a worldwide operating company, perspectives of people with different cultural backgrounds, and time zones. We asked the executives and the HR advisors to examine whether the items in the instrument were recognizable and relevant, and whether they represented a person with a global mindset in a global leadership role. First the questionnaire was presented to the three senior managers. After completing the pilot survey, they suggested removing or changing a number of items that they did not recognize in their role as global leader. They also proposed alternative items that we then included in the questionnaire. After these alterations, the executives agreed on the recognizability, relevance, and representativeness of the Global Mindset Questionnaire. Next, the revised version was presented to the three HR specialists. After completing the questionnaire, they made a number of suggestions to improve the readability. They then also agreed on its recognizability, relevance and representativeness. Although the survey was very lengthy, the pilot sample did not make any remarks on the time required to answer the questionnaire (which was about forty minutes). All questions in the survey were answered, and the electronic data collection and reporting processes revealed no problems.

## **5.5 Analysis and results**

### **5.5.1 Sample description**

Of the 398 company members initially participating in the research, 216 responses were completed which is a response rate of 54%. We had to exclude a large number of respondents because they did not fully complete the survey. Perhaps, the large number of items discouraged a many of the respondents. Probably, a number of the participants of the final survey did not have the time or the interest in the study of the pilot sample. Another reason could be the rigorous IT security regulations for conducting the web-based survey within the company which might disencouraged managers and employees from clicking on the hyperlink. People were obliged to enter a password first before having access to the survey. The password expired after two weeks which made it necessary to include a new password in each reminder.

A descriptive analysis, including means and frequencies, was conducted on the 216

completed responses obtained through the survey. Of the 216 respondents, 178 were employees and 38 were trainees or were working in a role not directly related to one of the departments participating in the survey (e.g. as consultants). Of the respondents, 63 (29.2%) worked in the IT Systems and Development department, 45 (20.8%) worked in the Corporate Clients department, 24 (11.1%) worked in the IT department, 10 (4.6%) worked in local banks, 36 (16.7%) worked in a number of smaller departments, and 38 (17.6%) were not related to a specific department. The demographic data indicated that 162 were male (75%) and 54 were female (25%). About 84% had Dutch nationality, 6% were British, and 10% had another nationality. In total, 161 (74.5%) respondents were married / living together, 47 (21.8%) were single, and 8 (3.7%) indicated “other”. Table 5.1 presents an overview of the other descriptive results, i.e. age, education, work or study experience abroad, and global travelling.

**Table 5.1** Descriptive results of the research sample (n = 216)

Age (in years)		Worked or studied abroad (in years)		Education		# Journeys abroad each year	
18 – 24	10%	0	51%	> Master’s degree	9%	0	5%
25 – 34	24%	1	20%	Master’s degree	47%	1	8%
35 – 44	44%	2	6%	Bachelor’s degree	32%	2	15%
45 – 54	19%	3	6%	High school	18%	3	11%
55 – 65	3%	4 – 5	3%			4 – 5	24%
		6 – 10	7%			6 – 10	22%
		> 10	7%			> 10	15%

In terms of age, 78% of the respondents were 44 years old or younger, which means the respondents are relatively young compared to all the employees of the bank. The descriptive results also reveal that the educational level of the bank’s international division staff is relatively high as more than half of the respondents had at least a master’s degree. In terms of person-in-job factors, 49% of the respondents had worked or studied abroad for at least one year and 61% travelled abroad four or more times each year.

### 5.5.2 Data analysis

Factor analysis and Cronbach’s alpha were important tools in the development of the Global Mindset Questionnaire. Factor analysis allows one to determine the number of factors underlying the set of items we developed to operationalize and measure the global mindset concept. Cronbach’s Alpha is equivalent to the weighted average item-intercorrelation, and



is a measure of the internal consistency, or homogeneity, of the items. Using exploratory factor analysis, the pattern of correlations among the 117 items was studied. Rotation initially generated six factors: three relatively large factors, one medium size factor and two relatively small factors. Then the number of factors was first limited to four and then to three, and it was still possible to interpret the data based on international management literature. This result was satisfactory, because ideally, in factor analyzing 117 items, a larger number of respondents is required in order to ensure proper extraction and rotation. The three factors represented the three intended global mindset dimensions. One factor also contained the time dimension. After interpreting the candidate scales, each factor clearly represented one of the mindset types which we had called “global mindset”, “local mindset”, and “universal mindset”. The global mindset contained all four mindset dimensions with an emphasis on the organization dimension. In the local mindset, the culture dimension was the most important. A small number of items, initially intended to reflect the cultural dimension of the universal mindset appeared to be part of the cultural dimension of the local mindset. The other two dimensions in the local mindset were business environment and organization. The business environment dimension dominates the universal mindset, whereas organization and culture were less important. In Section 5.6 the typology of mindsets and its underlying dimensions will be discussed in more detail. After eliminating overlapping items, Cronbach’s alphas were calculated to be .86 for the global mindset type, .84 for the local mindset, and .81 for the universal mindset. Table 5.2 presents an overview of the Global Mindset Questionnaire items.

Next, we analyzed the scores for the mindset types. The mean value of responses on the mindset types revealed that the mean response for the global mindset (mean = 1.99) was lower than the mean response for the local mindset (mean = 3.40) and for the universal mindset (mean = 2.67), indicating that local mindsets prevail in the international division of the Dutch bank, and that the level of a global mindset is very low. Multiple comparisons using post hoc tests, along with ANOVA, were conducted to determine the difference in means and to identify possible differences in mindsets as a result of personal and person-in-job factors. One-way ANOVA procedures provided an analysis of the variance of the dependent variable average response due to the following independent variables: age, education, work or study abroad, and global travel. According to the literature, these personal factors are considered to be the most relevant in influencing the level of global mindset (Arora et al., 2004; Levy et al., 2007a; Mendenhall, 2001; Oddou et al., 2000; Osland, 2001). However, no significant relationship was found between personal and person-in-job factors and the three mindsets considered in this study. The post hoc tests showed no significant age differences between the three mindsets.

When testing the relationship between age and mindsets, we observed that older people score higher on local and universal mindsets than younger people and that the score on global mindsets remain stable through the age groups. However, these relationships were



**Table 5.2 Measures in the Global Mindset Questionnaire**

Global Mindset	Local Mindset	Universal Mindset
Corporate decision making requires participation of managers from both global headquarters and subsidiaries	I am in favor of one global culture that is related to my own culture	I am a world citizen
I support companies that are global in scope and simultaneously foster local economies	I support a government that stresses the interests of the country most familiar to me	Local communities are part of one global community
Managers from global headquarters and local subsidiaries need to jointly build a shared market vision	Although there are differences between cultures, I prefer my own culture	I prefer one global community
I prefer a corporate strategy that stresses adaptation of products to local customer demands	I like to convince people from other cultures of the advantages of my culture	I feel I am a member of a combination of cultures
In evaluating an intercultural situation, one should draw on more than one cultural perspective	People from other cultures are not as open-minded as people from my own culture	I run into the same competitors wherever I go around the world
Knowledge should be shared within the whole worldwide company	My culture's way of life should be a model for the rest of the world	National borders are meaningless, we live in one world
Worldwide sustainability starts with my own environment	I support companies from the country most familiar to me	Although I am a member of my own culture, I am nearly as comfortable in one or more other cultures
The different perspectives of my team members as a result of their various cultural backgrounds are an asset to my personal development	The rest of the world should look to my culture for answers in solving their problems	New products are designed with the global market in mind
I support multiple and flexible coordination processes within the whole worldwide company	Team members can work together more effectively when they all have the same cultural backgrounds	Only companies that operate globally will survive
The role of global headquarters and subsidiaries should depend on global and local market circumstances simultaneously	I evaluate situations in other cultures based on my own culture	A worldwide scope of business activities is not a matter of choice but a prerequisite to survive
I accept differences that exist between myself and people from other cultures	Team members from other cultures should adopt perspectives based on one culture	I scan markets globally for business opportunities
I prefer a corporate strategy that integrates global cost efficiency and domestic market adaptation	I prefer the community most familiar to me	I would support a CEO in my company that comes from another culture
Decision-making is a complex management process of coordination and cooperation	I consider it to be a disgrace when foreigners buy our land and buildings	I support companies that are truly global
Strategy making involves global headquarters and all subsidiaries	I am a citizen of the country most familiar to me	
Global headquarters and local subsidiaries need to coordinate their time schedules	Perspectives of global headquarters prevail in corporate decision-making	
Integration of global and local corporate strategies is a prerequisite to survival		
Doing business globally means simultaneously focusing on deadlines of global headquarters and local subsidiaries		
I believe our 'interlinked' world is a balance of contradictory forces that have to be appreciated, pondered, and managed		

not significant. In contrast to Arora and colleagues (2004), we found no inverse relationship between age and global mindset indicating that the younger people are, the higher their global mindset is. The results of this analysis of variance between age groups and mindsets are presented in Table 5.3.

**Table 5.3** Analysis of variance: age and mindset (n = 213)

Age (in years)	<i>n</i>	Mean (S.D.)
Global mindset		
18 – 24	22	2.00 (8.121)
25 – 34	51	2.02 (6.096)
35 – 44	95	1.95 (7.215)
45 – 54	41	2.05 (6.190)
55 – 65	7	2.00 (5.872)
Local mindset		
18 – 24	22	3.31 (9.595)
25 – 34	51	3.40 (7.321)
35 – 44	95	3.42 (7.079)
45 – 54	41	3.37 (6.315)
55 – 65	7	3.60 (7.212)
Universal mindset		
18 – 24	22	2.48 (7.192)
25 – 34	51	2.69 (5.978)
35 – 44	95	2.67 (6.615)
45 – 54	41	2.75 (4.914)
55 – 65	7	2.74 (4.761)

**Table 5.4** Analysis of variance: education and mindset (n = 213)

Education	<i>n</i>	Mean (S.D.)
Global mindset		
> Master's degree	18	2.04 (8.865)
Master's degree	101	1.96 (6.591)
Bachelor's degree	69	1.98 (6.445)
High school	25	2.10 (6.190)
Local mindset		
> Master's degree	18	2.82 (6.944)
Master's degree	101	2.81 (6.490)
Bachelor's degree	69	2.87 (7.905)
High school	25	2.81 (8.431)
Universal mindset		
> Master's degree	18	2.97 (4.901)
Master's degree	101	2.69 (5.753)
Bachelor's degree	69	2.55 (6.938)
High school	25	2.68 (5.605)

We also failed to find a significant relationship between education and mindset. Table 5.4

provides an overview of the results of the variance between education and mindsets. It is interesting to note that education level had no positive relationship with the extent of the mindsets of the respondents. The ANOVA and post hoc test showed only a significant difference in universal mindset between people with a bachelor's degree and people with a degree higher than the master level.

**Table 5.5**      **Analysis of variance: working or studying abroad and mindsets (n = 213)**

Work / study experience abroad	<i>n</i>	Mean (S.D.)
Global mindset		
0 years	110	2.01 (5.902)
1 year	44	1.94 (7.610)
2 years	13	2.09 (6.395)
3 years	13	1.97 (6.790)
4 – 5 years	6	2.08 (10.330)
6 – 10 years	16	1.97 (7.737)
> 10 years	14	1.90 (9.141)
Local mindset		
0 years	110	3.38 (6.972)
1 year	44	3.30 (7.717)
2 years	13	3.40 (4.838)
3 years	13	3.57 (5.797)
4 – 5 years	6	3.80 (6.782)
6 – 10 years	16	3.63 (7.685)
> 10 years	14	3.30 (8.234)
Universal mindset		
0 years	110	2.73 (5.520)
1 year	44	2.73 (7.393)
2 years	13	2.59 (6.225)
3 years	13	2.48 (4.512)
4 – 5 years	6	2.32 (8.635)
6 – 10 years	16	2.66 (5.045)
> 10 years	14	2.44 (7.130)

The post hoc test showed that there are no significant differences linked to working or studying abroad and the three mindsets. However, people with more experience of working or studying abroad do have higher local mindsets than people with less foreign experience. Probably, the results are somewhat biased as the research sample includes respondents with different work-related characteristics working in many different departments in the corporate head office and local affiliations in the Netherlands. The results are presented in Table 5.5.

The multiple comparisons test and the one way ANOVA also showed no significant relationships between global travel and the mindsets. This is again probably a consequence

of the mixed composition of respondents from very different departments in the bank. An overview of results is included in Table 5.6.

**Table 5.6** Analysis of variance: global travel and mindsets (n = 213)

Global travel	<i>n</i>	Mean (S.D.)
Global mindset		
0 times	11	2.15 (5.918)
1 time	19	2.11 (9.421)
2 times	32	2.17 (7.166)
3 times	23	1.89 (6.747)
4 – 5 times	51	1.98 (4.809)
6 – 10 times	48	1.87 (5.589)
> 10 times	32	1.95 (8.065)
Local mindset		
0 times	11	2.82 (5.623)
1 time	19	3.29 (8.367)
2 times	32	3.33 (6.153)
3 times	23	3.29 (10.227)
4 – 5 times	51	3.43 (7.387)
6 – 10 times	48	3.55 (5.834)
> 10 times	32	3.35 (6.642)
Universal mindset		
0 times	11	2.99 (3.868)
1 time	19	2.72 (7.301)
2 times	32	2.79 (5.213)
3 times	23	2.62 (8.192)
4 – 5 times	51	2.60 (5.745)
6 – 10 times	48	2.67 (5.307)
> 10 times	32	2.55 (6.803)

The post hoc tests, including ANOVA, also showed no significant differences in mindsets between people with experience in working or studying abroad and global travel, and people without cross-border experience. According to the literature, people with global experience are expected to have higher global mindsets than people without experience of crossing borders and cultures. A theoretical explanation for this lack of correlation is that crossing cultures does not necessarily imply crossing borders. In international business environments, people with different cultural backgrounds may interact with each other in one location in one country, without crossing borders. Therefore, intercultural contact is not a priori, a function of global travel. A methodological reason could be that we did not exclude global travel for holiday reasons. Locally minded people may travel abroad without any business-related intentions. Consequently, they would not really be exposed to situations that could result in a “culture shock” as described in the literature and indicated by our interviewees in the first empirical study. Further research is needed to examine this issue in more detail.

## 5.6 The Global Mindset Questionnaire

### 5.6.1 A typology of mindsets

The results of the quantitative research reflected four dimensions of a global mindset: (1) a business dimension; (2) an organization dimension; (3) a culture dimension; and (4) a time dimension. These dimensions are supported by the literature (Bartlett & Ghoshal, 1989; Begley & Boyd, 2003; Kanter, 1995; Prahalad & Doz, 1987; Robertson, 1992; Scholte, 2005, Tomlinson, 1999, Waters, 2001). We also found a typology of mindsets based on the four mindset dimensions. Each type of mindset represents a set of beliefs and attitudes and reflects a certain “worldview” that an individual in may possess in the context of a globalizing company. We call these mindsets: (1) the “global mindset”, that integrates into the worldview both global and local developments; (2) the “local mindset”, that stresses the concerns of the home country and domestic companies; and (3) the “universal mindset”, that emphasizes a unified community and favors worldwide operating companies. The global mindset is the only mindset type that conceptually and statistically includes all four global mindset dimensions. In the global mindset type, the emphasis is on the “organization” dimension whereas, in the local mindset type, the “culture” dimension prevails. The “market” dimension is most important for the universal mindset. Our mindset typology, as measured in the Global Mindset Questionnaire, is theoretically grounded on globalization theory and attitude theory as described in Chapters 2 and 3 respectively.

In this section, we compare our typology of mindsets with the three most cited typologies by Perlmutter (1969), by Bartlett and Ghoshal (1989), and by Gupta and Govindarajan (2002). Then we describe our types of mindset in greater detail. As outlined in Chapter 2, the context of globalizing companies reflects the globalization processes that influence social relations at all levels, ranging from macro-economic developments between regions or nation states, to several levels of aggregations within a country, such as industries, companies, work environment, and job characteristics at the individual level. Contemporary globalization shapes the demands, choices, and opportunities of individual managers, especially when working in companies characterized by increasing transworld activities. Consequently, to remain successful, managers need global leadership capabilities to align people and processes across the whole worldwide organization based on an appealing vision of where the global business is heading. The managers’ leadership is influenced by their beliefs and attitudes towards globalization processes that represent three conceptions of globalization, as reflected in three representations of “worldmindedness”: the international approach, the universal approach, and the multidimensional approach (see Chapter 2). In our mindset typology, a local mindset refers to the international approach, based on a conception of globalization as *internationalization*. The universal mindset is based on the universal approach with its origin in the conception of globalization as *universalization* and *Westernization*. The global mindset represents the multidimensional approach that

considers globalization as *respatialization*.

Comparing with Perlmutter's original typology, his "ethnocentric" or "home-country orientation" and his "polycentric" or "host-country orientation" largely resemble the local mindset type of our typology. Both these orientations by Perlmutter consider home-country ways of doing business as central to the executive's approach to worldwide corporate actions. His "world-oriented" or "geocentric orientation", and "regiocentric orientation" were added to the typology a decade later (Heenan & Perlmutter, 1979) and can conceptually be compared with our global mindset. Bartlett and Ghoshal's typology has a broader approach to worldwide business than Perlmutter's. Their "international mentality" and "multinational mentality" are theoretically grounded in a conception of "globalization as internationalization" as, in both mentalities, the international approach prevails in which the manager's commitment to making additional overseas investments is based on increased knowledge foreign markets as a result of initial steps. Bartlett and Ghoshal's "global mentality" can be compared with our universal mindset as they both consider central coordination of worldwide business by global headquarters and cost efficiency as essential for controlling the worldwide company. Their fourth mindset, the "transnational mentality", mirrors the organization dimension of our global mindset type. Jeannet (2000) propose a typology containing five types of mindset based on the geographic scope in building worldwide business. Jeannet's "domestic mindset", "international mindset", and "multinational mindset" all represent an international approach to studying mindsets and hence match our local mindset, while his "regional mindset" and "global mindset" resembles our universal mindset. The typology of Gupta and Govindarajan (2002) consists of three mindset types, although the "parochial mindset" covers two different concepts. Their "parochial mindset" and "diffused mindset" reflect the international approach to mindsets while their "global mindset" can be compared with our global mindset.

To summarize, when reflecting on the mindset typologies as proposed by others, we conclude that all typologies are in fact grounded on three distinct representations of globalization, which are subsequently reflected in three approaches to studying mindsets. People may have a worldview that considers their home country business, organizations and cultural values central to increasing international operations. This worldview perceives globalization as subsequent steps in a process of internationalization and overseas activities are always considered from an ethnocentric attitude. People with these attitudes have local mindsets. Other people may have a "global outlook" in which no specific country is central to business operations, in contrast to people with a home-country or host-country orientation. They prefer a "unified" culture and central coordination of the worldwide company. Their thoughts and opinions are reflected in the universal mindset. Finally, when people have truly global mindsets, they hold positive attitudes towards aligning people and organizational processes at the level of global headquarters as well as in local subsidiaries. Based on the results of the interviews with global managers, and our findings from the

quantitative field study, we will now describe the three types of mindsets in more detail.

### 5.6.2 Global mindset

Based on literature and our empirical research we can describe the global mindset as follows.

*A “global mindset” is a multidimensional set of cognitive attitudes of an individual towards globalization processes that is positively related to balancing (1) global and local developments in the business environment; (2) organizational processes; (3) cultural differences; and (4) time zones.*

In the global mindset, the organization dimension is most important and contains all its sub-dimensions as described in Section 5.3. An explanation is that people with global mindsets put a lot of effort into integrating global and local processes and aligning people from global headquarters and foreign subsidiaries. In comparison, people with local mindsets consider the interests of domestic affiliations more important than the overall corporate concerns, while universal mindsets emphasize centralized coordination and global standardization. When developing a corporate strategy, people with global mindsets search for a joint approach involving corporate headquarters and foreign subsidiaries. Not just for reasons for being polite, but from the conviction that formulating a shared vision and corporate strategy together is a prerequisite for survival. They integrate into the competitive strategy, cost efficiency with local market adaptation, thereby making balanced decisions. In the survey, items representing this attitude are: “I prefer a corporate strategy that stresses adaptation of products to local customer demands”, and “I prefer a corporate strategy that integrates global cost efficiency and domestic market adaptation”. From the notion that an effective corporate strategy is built on aligning global and local businesses, managers with global mindsets search for an approach to strategy formulation that integrates the perspectives of managers from both headquarters and from overseas subsidiaries. They believe that working together on a shared vision for their company and where its global business is heading will result in a strong worldwide focus in managerial actions. Eventually, their company’s competitive position will prosper. Items that refer to this attitude are: “Strategy making involves global headquarters and all subsidiaries”, and “Integration of global and local corporate strategies is a prerequisite for survival”. Following this joint strategic approach, managers with global mindsets are open to other ways of organizing the worldwide company: letting go of assumptions that structuring the organization should be based on home-country principles, and instead taking on ideas and concepts from others. They may decide to establish important centers of excellence or production facilities in various countries, based on the most profitable competitive position as perceived from a transworld business view. Hence, neither corporate headquarters nor specific local subsidiaries are automatically central to the company’s global resources. This attitude is reflected in the

item: "The role of global headquarters and subsidiaries should depend on both global and local market circumstances". As proposed by Bartlett and Ghoshal, a transnational company is structured as an interdependent network in which both corporate headquarters and subsidiaries add to knowledge accumulation. In the survey, people with global mindsets confirm: "Knowledge should be shared within the whole worldwide company". Managers with global mindsets are in favor of multiple and flexible coordination processes rather than tight control mechanisms in leading their company. They perceive their company as being *a single* network organization and aim to do the right thing for the total organization, not just one specific function, unit, process, division, or subsidiary. According to Begley and Boyd (2003), people with global mindsets balance global standardization and local customization, that is, they decide which processes are most effective and beneficial for the whole company when organized and led from a centralized perspective, and which processes should be left to decentralized affiliations in order to maintain organizational flexibility. One item in the questionnaire addressed this integrated perspective on organizational processes: "I support multiple and flexible coordination processes within the whole worldwide company". An essential characteristic of the joint approach by managers from headquarters and subsidiaries is mutual trust. Managers from headquarters and subsidiaries are allowed considerable decision-making power, and decision-making processes are characterized by coordination and cooperation. Who one has the final say depends on market circumstances or other relevant business situations. Managers having global mindsets score relatively highly on the following items in the Global Mindset Questionnaire: "Corporate decision making require participation of managers from both global headquarters and subsidiaries", "Managers from global headquarters and local subsidiaries need to jointly build a shared market vision", and "Decision making is a complex management process of coordination and cooperation". The global mindset is thus characterized by "balanced decision-making". Unlike the local mindset or the universal mindset, the global mindset is able to simultaneously reconcile the interests of corporate headquarters and foreign subsidiaries within the whole multinational and multicultural company.

The business environment dimension of a global mindset reflects an integrated perspective on global and local markets and societal events. Managers with a global mindset support companies through their global scope but at the same time they also foster local economies. For example, they would not close down a business unit or a plant overseas before taking into consideration the business and social consequences in the host country very seriously. In the Global Mindset Questionnaire, managers with global mindsets have a relatively high score on the item: "I support companies that are global in scope and foster local economies simultaneously". This dimension of global mindset contains not only a market perspective, but also partly overlapping beliefs and attitudes with regards to macro-economic developments, governmental issues, and events related to social relationships and environmental concerns. To a certain extent, it reflects the economic and political dimension of globalization as described in Chapter 2. Managers with global mindsets consider it



important to establish and maintain positive relationships with local management and government officials: not to bring the global to the local as a holy assignment and to tell them how great it is to be a “global citizen” as with the universal mindset, but to make real contact with locals and to learn from them while giving something in return. Global mindsets believe in a world with social relationships that transcend national borders. However, they do not believe in a “unified” world: borders and nations still matter and national cultural values are important for personal reflection and when interacting with people with other cultural backgrounds. Two items in our survey represent this sub-dimension of global mindset: “I believe our “interlinked” world is a balance of contradictory forces that are to be appreciated, pondered, and managed”, and “Worldwide sustainability starts with my own environment”.

The culture dimension of the global mindset indicates how individuals are aware of the characteristics of their own cultural values and how they perceive people with other cultural backgrounds. When acting in intercultural situations, people with global mindsets draw from more than one perspective such that their own cultural values do not prevail when making decisions. The findings of our survey confirms the culture dimension as described in Section 5.3.3. The item in the Global Mindset Questionnaire that represents the issue of cultural identity is: “In evaluating an intercultural situation, one should draw from more than one cultural perspective”. The second sub-dimension of culture is adaptability, which refers to positive attitudes towards interacting with people with other cultural values. People with global mindsets accept differences in cultural backgrounds between themselves and others. When leading multicultural teams, they value other ways of working and consider differences in cultural backgrounds of the team members as an asset in their personal development. Moreover, they appreciate learning from people with different perspectives and from working in multicultural teams. Two items measure this sub-dimension: “I accept the differences that exist between myself and people from other cultures”, and “The different perspectives of my team members as a result of their various cultural backgrounds are an asset in my personal development”.

The fourth global mindset dimension is time. It is interesting that consideration of time zones, as a mindset dimension, only appears in the global mindset and not in the local or universal types of mindset. Managers with global mindsets are willing to balance time zones, that is, they take into consideration that geographically dispersed (virtual) team members work in different time zones when, for example, they schedule conference calls. They also coordinate and balance the deadlines of corporate headquarters and of foreign subsidiaries. Reconciling time zones is measured by two items: “Global headquarters and local subsidiaries need to coordinate their time schedules”, and “Doing business globally means focusing on the deadlines of both global headquarters and local subsidiaries simultaneously”.

### 5.6.3 Universal mindset

The universal mindset as a concept is more closely related to a global mindset than to the local mindset. As with the global mindset, the universal mindset involves a broad outlook on the world and globalization processes, whereas the local mindset interprets global developments from a single domestic perspective. However, the universal mindset differs from the global mindset in putting much more emphasis on global aspects, especially with regards to a worldwide focus in scanning market opportunities. Unlike the global mindset, the universal mindset does not automatically balance local responsiveness with global integration. Therefore, our description of a universal mindset is as follows.

*A “universal mindset” is a multidimensional set of cognitive attitudes of an individual towards globalization processes that is positively related to a unified global approach in dealing with (1) global and local developments in the market environment; (2) organizational processes; and (3) cultural differences.*

In the universal mindset type, the most important dimension is the global business environment, which refers to the idea of “one global market” (Levitt, 1983) and a “borderless world” (Ohmae, 1990). Managers with universal mindsets scan markets from a genuine worldwide outlook in which national borders are meaningless. In their view, business is “worldwide” and their attention is much more focused on global competitors than on local rivals. They support companies that are truly global in scope (“stateless enterprises”) because such companies have more capabilities in remaining competitive than domestic firms. People with universal mindsets may view truly global operating companies as “winners” in the global battle (Newburry et al., 2007). In the Global Mindset Questionnaire, four items represent the geographical scope of doing worldwide business that characterizes the sub-dimension of markets in the universal mindset. These items are: “I support companies that are truly global”, “Only companies that operate globally will survive”, “I run into the same competitors wherever I go around the world”, and “I scan markets globally for business opportunities”. People with this kind of mindset believe that national borders are meaningless. They prefer one global community that encompasses all the local communities in the world. In globalization literature, this phenomenon is described as “global humanism” or the aim of establishing a non-territorial identity which is not attached to a particular homeland but to other aspects of being such as age, class, or profession (Scholte, 2005). People with universal mindsets consider themselves as “global citizens”, although it is not clear what that means since citizenship is related to a state with rights, laws, and duties. Perhaps this global identity refers to a sense of being and belonging to a desired “world class”. This sub-dimension of the universal mindset resembles the literature on cosmopolitanism. Our survey showed that people with universal mindsets recognize themselves in the following four items, all related to one global community and a borderless state: “I prefer one global community”, “Local communities are part of one global community”, “I am a world citizen”, and “National borders are meaningless, we live in one

world”.

In the universal mindset, the organization dimension is presented in only the sub-dimension of strategy. The reason for this could be the strong macro-economic and cosmopolitan focus that underlies this perspective. The strategy dimension in the universal type has a greater external focus than in the global mindset. The other three organization sub-dimensions, structure, processes, and power, are all aimed at coordinating the internal organization and perhaps for that reason are not included in the universal mindset. In formulating corporate strategy, people with universal mindsets take a global geographic position and support a single global strategy that applies to all subsidiaries. Foreign subsidiaries are not considered essential assets of the worldwide company but as a distribution channel. The two items representing the strategy sub-dimension are: “New products are designed with the global market in mind”, and “A worldwide scope of business activities is not a matter of choice but a prerequisite for survival”.

People with universal mindsets believe that they are nearly as comfortable in other cultures as in their own. In intercultural situations, universal mindsets are positive towards people with other cultural backgrounds. Unlike local mindsets, universal mindsets feel comfortable in other cultures although they prefer an organizational culture that is characterized by a unified way of working. As they identify themselves as global citizens, and as being part of one global community, they are likely to display assimilation attitudes. Assimilation is a term used by Ward et al. (1999) to describe the “swallowing” of one culture that was characteristic in colonial times as a result of Western imperialism. Here, the culture dimension of universal mindset clearly represents globalization as universalization and Westernization. This universal approach is included in the questionnaire by two items: “I feel I am a member of a combination of cultures”, and “Although I am a member of my own culture, I am nearly as comfortable in one or more other cultures”. Hence, unlike the global mindset, the universal mindset is not characterized as “biculturalism”, that is, balancing one’s own cultural perspective with other people’s cultural perspectives. As nationality is not an issue in promotions, they accept senior managers from other cultures and are willing to work in multicultural teams. However, unlike those with a the global mindset, they are unlikely to learn from the different perspectives of team members but insyead implement a set of standards including norms to ensure a unified way of working. They believe that people in organizations should adapt their behavior to what is expected in the worldwide company. Therefore, in their view, the organizational culture of the company is more important than national cultural values. In fact, they attempt to ignore national cultural values in their companies. One item represents this sub-dimension of culture in the questionnaire: “I would support a CEO in my company who comes from another culture”.

#### 5.6.4 Local mindset

The local mindset differs considerably from both the global mindset and the universal mindset. This type of mindset emphasizes the culture dimension, probably because of the “nationalist” or ethnocentric point-of-view that characterizes this set of attitudes. People with local mindsets stress the importance of the cultural values of their home country. The local mindset is related to ethnocentrism (Perlmutter, 1969) as opposed to “cosmopolitanism” (Hannerz, 1996; Vertovec & Cohen, 2002), by considering one’s own cultural values as superior to others. Our description of a local mindset is as follows.

*A “local mindset” is a multidimensional set of cognitive attitudes of an individual towards globalization processes that is positively related to an ethnocentric approach in dealing with (1) global and local developments in the market environment; (2) organizational processes; and (3) cultural differences.*

People with local mindsets evaluate intercultural situations based on their own culture. The idea that people derive their meaning from the social context most familiar to them is often referred to as social identity theory (Tajfel & Turner, 1979). Following this theory, as people have a need for a positive self-concept, they have the tendency to display intergroup discrimination. In intergroup relations, especially in intercultural contacts, an “identity threat” can take place when one’s group cannot meaningfully be distinguished from other groups (Turner, 1999; Ward et al., 2001). Therefore, people with local mindsets hold acculturation attitudes that are characterized by a high heritage culture identification and a low identification with other cultures. Our research results confirm this ethnocentric orientation towards people with other cultural backgrounds and other ways of responding based on different culture values. People with local mindsets score highly on the following items: “I am in favor of one global culture that is related to my own culture”, and “I evaluate situations in other cultures based on my own culture”. Probably as a result of strong identification with their own culture, people with local mindsets consider their way of living as superior to others: “I like to convince people from other cultures of the advantages of my culture”, “My culture’s way of life should be a model for the rest of the world”, and “The rest of the world should look to my culture for answers in solving their problems”. In intercultural contacts, people with local mindsets may be willing to work with people with other cultural backgrounds, but “foreigners” will be approached from a perspective that is initially not in favor of multiculturalism: “Although there are differences between cultures, I prefer my own culture”, and “People from other cultures are not as open-minded as people from my own culture”. They also believe that team members could work more effectively if they all share the same cultural background, or if foreigners were willing to adopt the perspectives and ways of working based on the cultural values of the people with local mindsets. They do not accept a CEO that comes from another culture. Questionnaire items representing this attitude were: “Team members could work together more effectively if they all have the same cultural backgrounds”, and “Team members from other cultures should adopt

perspectives based on one culture". Home-country cultural values may have considerable impact on the organization's structure and processes within a multinational company (Hofstede, 2001). This does not mean that the perspective of people with local mindsets is "wrong" or "right" but it reflects the global strategy and the expected role of corporate headquarters and of the foreign subsidiaries. However, compared with the global and universal mindsets, companies led by managers with local mindsets offer fewer opportunities for host or third country nationals to build global careers.

With respect to the business environment dimension, people with local mindsets consider competition as a local battle and so potential competitors are identified within national borders. Managers with local mindsets support companies originating in their own country. They consider it a disgrace when foreigners buy their land and buildings. Two items in the Global Mindset Questionnaire measure this home-country-oriented approach to global markets: "I support companies from the country most familiar to me", and "I consider it to be a disgrace when foreigners buy our land and buildings". Local mindsets attach an important role to their national government. They expect their government to stress domestic interests in international and global affairs in order to protect the national industry and prevent foreign companies building considerable market share within their borders. Perhaps their social identity is related to nationalism and the feeling of belonging to their country. As such, they appreciate the community in which they grew up over others, and consider themselves as a real citizen of their nation. The items in the survey in which people with local mindsets recognize themselves are: "I support a government that stresses the interests of the country most familiar to me", "I prefer the community most familiar to me", and "I am a citizen of the country most familiar to me".

For these people, the organization dimension hardly registers in the Global Mindset Questionnaire. Probably as a consequence of nationalism, people with local mindsets perceive companies, not as a worldwide organizations, but as a representation of their home-country cultural values that need to be protected and managed. This could be the reason why the sub-dimensions of strategy, structure, and processes do not appear in the organization dimension. From the literature it is known that, when people with local mindsets are going global, the starting point of doing business is the domestic market, and home country products are only subsequently sold abroad. When coordinating overseas operations, such people believe the perspective of their corporate headquarters should prevail in decision-making processes and that it should control all worldwide operations with clear policies. Overseas management, if not home country nationals, are difficult to understand and therefore it is not easy to build trust when executing a global strategy (e.g. Perlmutter, 1969). Only the power sub-dimension, reflecting the political forces within a company, is present with one item: "Perspectives of global headquarters prevail in corporate decision-making".

## **5.7 Validity of the Global Mindset Questionnaire**

Usually, four types of criteria are used in studies of instrument development in organizational behavior in order to eliminate alternative explanations for the relationship between test behavior and work behavior (DeVellis, 2003; Sokol & Oresick, 1986): criterion-related validity, construct validity, face validity, and content validity. The criterion-related, or predictive, validity of the Global Mindset Questionnaire will be examined in Chapter 6 when we study the relationship between scores on managerial attitudes and criteria for leadership effectiveness. Construct validity refers to the degree to which an instrument does indeed measure the underlying traits it was intended to measure. The construct validity is considered as high in the Global Mindset Questionnaire because it is based on an extensive literature study and qualitative field research. The face validity of the instrument has been established by the fact that three senior managers and three HR specialists in the pilot study agreed on the recognizability, relevance, and representativeness of the questionnaire items related to the global leadership role. The mindset scales also appeared consistent with the literature. Each item describing an attitude indicates the dimension as an ideal type. The content validity, which refers to the generalizability of the instrument items to the domain, is somewhat difficult to confirm as we do not have a convenient listing of all the relevant universe of items. According to DeVellis (2003) this is a common problem when measuring attitudes. We minimized this problem by producing a large number of items covering all the possible aspects of global mindset dimensions. We also asked the senior managers whether any important item were missing. They added six items to the questionnaire in response.

## **5.8 Conclusion**

In the case study, as described in Chapter 4, we identified having a global mindset as an essential global leadership quality. We also uncovered four dimensions that shape the global mindset concept. In this second field study, we examined the global mindset dimensions in more detail. We also found two other mindsets that people may possess when working in a globalizing environment. Factor analysis revealed that all mindsets contain three dimensions with sets of certain attitudes towards a person's business environment, organization, and multiculturalism. Only the global mindset type also included a time dimension. Although our mindset typology is built on common dimensions, each type differs in the attribution of beliefs and attitudes. The survey results confirm the literature on globalization processes and approaches to mindset studies. People with local mindsets can be characterized by an orientation that is related to the country most familiar to them, mostly their home-country. Globalization is perceived from an ethnocentric perspective and the interests of domestic industries, companies, and jobs are central. Universal mindsets take an opposite position by emphasizing the importance of a single global market and one unified community in achieving a higher level of economic prosperity, and have a sense of belonging to a stateless

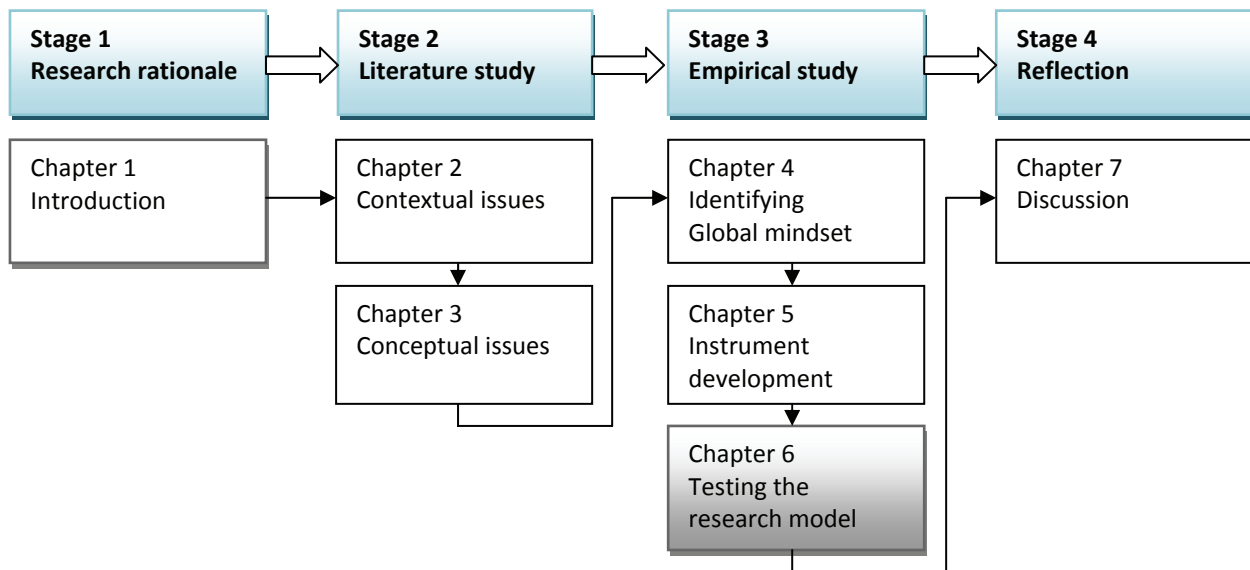
world. People with global mindsets are not “middle-of-the-road” but do make balanced decisions between global coordination and local responsiveness. It is an integrated perspective on doing worldwide business, including time zones and the reconciliation of the perspectives of people with many other cultural backgrounds. The quantitative data from the empirical study support the different types of mindset that people may possess.

Although the main objective of the second field study was to operationalize and measure the global mindset concept, we also included a number of personal and person-in-job factors to examine whether these factors influence the level of person’s mindset. We did not find any significant relationships between the mindsets and the investigated antecedents, probably as a result of the very different characteristics of the respondents in the research sample. Although the respondents were working for one company, some of the respondents were working at the international division’s headquarters, others in a number of departments at the corporate level, and in various local banks at different locations in the Netherlands. We also did not make a distinction between people who travel across borders for work rather than holiday reasons. Next to this methodological reason, a theoretical reason for the lack of such a relationship is that it is not essential to cross borders to experience multiculturalism, especially in globalizing companies.

The second field study activity indicates that the mindsets we found are cognitive attitudes towards globalization processes and reflect the “personal profiles” of company members. Each personal profile is a set of related beliefs and attitudes and this can be useful when relating mindsets with behavior or certain outcomes of behavior, such as leadership effectiveness. As empirical research on global mindsets and leadership effectiveness is scarce, a quantitative field study is necessary if one is to examine this relationship and the degree to which global mindset influences effective leadership. Therefore, the next step is to examine the influence of the mindsets on behavior in order to test the extent to which one’s global mindset is able to predict leadership effectiveness in a globalizing company. In our third empirical research activity as described in Chapter 6, we study this relationship. It is also an opportunity to test the reliability and construct validity of the Global Mindset Questionnaire instrument.



## 6 Global mindset and leadership effectiveness



### 6.1 Research strategy

#### 6.1.1 Research issue

In the preceding chapters, we examined what a global mindset is and how it can be measured by formulating two research questions. We addressed these research questions in Chapter 4 and 5 respectively based on an extensive literature study as described in Chapter 2 and 3. In this chapter, we address the third research question of this thesis: *what is the relationship between the individual global mindset and criteria for leadership effectiveness?* As in the previous studies, we aim to answer the third research question empirically. For this, we conducted a second quantitative field study to explore the relationship between global mindset and its outcomes. As we had identified the concept of a global mindset by interviewing managers with global responsibilities, we also wanted to measure the outcomes in terms of leadership effectiveness in a sample of managers working in a globalizing company. We also retested the relationship between personal and person-in-job factors and the global mindset concept to gain a better understanding of the process through which one adopts a global mindset. The expected relationships are presented in a research model.

In line with the third research question, three research objectives guide this quantitative study. The first research objective is to assess the relative importance of global mindset on leadership effectiveness. Second, we wanted to determine the level of the global mindset of managers working for a multinational financial service company in the Netherlands. Third, we wanted to determine whether domestic managers and global managers differ in terms of



global mindset and leadership effectiveness. The personal factors and person-in-job factors were used to test whether these could explain possible differences between the types of mindset and leadership effectiveness. This third piece of field research enables us to meet the objective of this thesis, to examine the relationship between global mindset and leadership effectiveness in the context of globalizing companies.

### **6.1.2 Method**

The Global Mindset Questionnaire, as developed to operationalize and measure the concept of global mindset, is central to this empirical research and contains items representing the global, local, and universal mindsets. A number of hypotheses were formulated to examine the relationship between global mindset and criteria of leadership effectiveness. We developed measures of leadership effectiveness based on the literature and interview results as described in Chapter 4. These measures include career satisfaction, career success, job performance, and salary growth. After these, personal factors and person-in-job factors were added to the questionnaire. The relationships between global mindset, leadership effectiveness, and the influencing factors are depicted in a research model as presented in Section 6.2.1.

Data collection was designed as follows. As with the first test of the Global Mindset Questionnaire, the method here is an online survey using survey research methods (Babbie, 1998). To control method bias, the personal factors and the person-in-job factors as well as the criteria for leadership effectiveness are treated as information-type items, whereas the Global Mindset Questionnaire contains Likert type scales with identical lengths of scale and end points. Another possible bias is source bias which could occur because the survey is self reporting in which the same respondents provide the answers and may have response bias. To partially avoid this bias, the participating managers were all selected from one affiliation of the company and further limited to three main departments. As almost all the participants had Dutch nationality, the potential cross-cultural bias is considered very small. A cross-cultural bias may occur when a relatively large number of respondents have different cultural backgrounds. In that situation, the influence of cultural differences should be taken into account (Hemert et al., 2001; Usunier, 1998; Vijver & Leung, 1997). Prior to the survey, 103 managers were sent an email to inform them that their Managing Board had agreed to participate in this research and that their involvement was required to succeed in the study. A week later, another email was sent to the population including giving access to the web-based survey. The survey and the emails were in the English language. We did not expect any difficulty in understanding the questions in the survey as the HR department had ensured that all the managers were able to understand English. The questionnaire was divided into three sections: the first section contained questions concerning demographic and person-in-job information. The second part of the questionnaire contained questions

pertaining to the three mindset types, i.e., global, local, and universal, and the third section addressed criteria of leadership effectiveness. The online survey was conducted in January and February 2010. As with the first quantitative field study, data collection was processed automatically.

After studying the descriptive results, a series of tests were conducted to test the reliability and validity of the Global Mindset Questionnaire. Using factor analysis, the mindset types and their underlying dimensions were analyzed and compared with the results from the first quantitative study. Then we examined the research model and its underlying hypotheses by applying Pearson-correlation tests and a series of multivariate analysis of variance (MANOVA). The multivariate tests were performed in accordance with data analysis procedures (Hair et al., 1998; Kachigan, 1991). The research model and its derived hypotheses were analyzed using General Linear Model (GLM) techniques (Bryk & Raudenbush, 1992; Neter et al., 1996). Using these techniques, we examined the relationships and interactions between global mindset, its antecedents, and leadership effectiveness. We also explored differences in global mindset and leadership effectiveness between domestic managers and global managers.

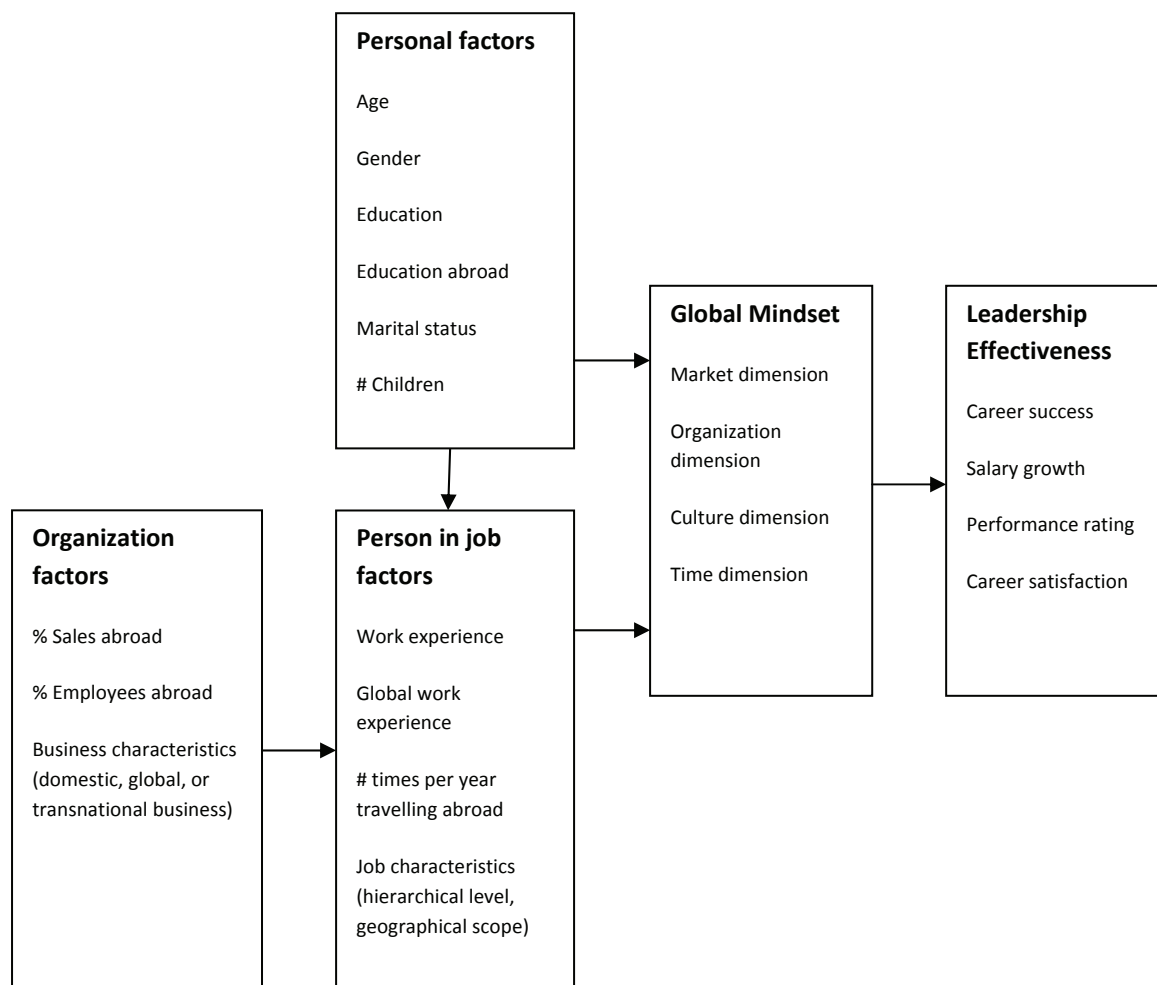
## **6.2 The research model and hypotheses**

### **6.2.1 The research model**

We expected that a global mindset would appear as a distinct concept, consisting of four attitudinal dimensions related to globalization processes: a business environment dimension, an organization dimension, a culture dimension, and a time dimension. As people with global mindsets consider both worldwide and domestic concerns, we assume that there are two other types of mindset: the local mindset that emphasizes domestic issues such as the importance of the home market and considering one's own cultural values superior to others; and the universal mindset that emphasizes the importance of worldwide developments and downplays local issues. Furthermore, we assume that personal factors and person-in-job factors are associated with global mindset, although we do not know the exact nature of this relationship yet. Levy et al. (2007a) suggest that personal and person-in-job factors may influence the strength of a global mindset. However, research on the relationship between global mindset and its antecedents is scarce. Therefore, to explore this relationship, we include a number of potentially influencing personal and person-in-job factors in our research model. Despite the globalization processes that have been stimulating transworld connectivity and global consciousness (Robertson 1992; Scholte 2005), there are still differences in managerial decision-making styles (Carr, 2005) and companies differ in their degree of internationalization (Sullivan, 1994). Organizational designs have a stronger influence on the individual than the individual on the organizational configuration (Beer et al., 1990). Hence, leadership is largely shaped by its context (Osborn

et al., 2002) and this influences the company's global organization structure, the company's administrative heritage and corporate culture, and subsequently affects the work place of managers (Bartlett & Ghoshal, 1989). When individual abilities and values match organizational demands, a person-organization fit occurs (Chatman, 1989). Although these organization factors are associated with person-in-job factors, the influence of organization factors on person-in-job factors and the mediating influence of a company's degree of internationalization are beyond the scope of this research. Therefore, we focus on individual factors but we use the managers' company characteristics as it may contribute to the explanation of the results of our third empirical research. We study the relationship between global mindset and leadership effectiveness by formulating research hypotheses. Each hypothesis addresses the relationship between global mindset and one of the four criteria for leadership effectiveness. These research hypotheses are described in Section 6.2.3. The research model in Figure 6.1 summarizes the study's expected relationships, the elements of the distinct constructs, and the underlying hypotheses.

**Figure 6.1**      **Research model**



### 6.2.2 Hypotheses

In a global business environment, managers with global mindsets are expected to be more successful in connecting global and local market opportunities, in organizing the company's worldwide resources and developing effective organization processes, and in establishing and maintaining a higher quality of transworld social relations than managers who do not have a global mindset. Local managers do not necessarily accept or welcome changes in the organization that result from globalization (Nilakant, 1991). Therefore, managers with the capabilities to lead companies at the global level should be seen as essential organizational assets (Harvey et al., 2000; Pucik & Saba, 1998). As little research has addressed factors that influence employee perceptions as a result of globalizing companies (Newbury et al., 2007), we do not adopt a developmental perspective on changing mindsets in organizations, but study the level of managerial mindsets at the moment the survey was conducted in the global financial service company. We examine three mindsets, i.e. the global mindset, the local mindset, and the universal mindset of managers as these are shaped by the characteristics of their organization. We assume that managers with global mindsets will have a higher level of "fit" with globalizing companies than managers with local or universal mindsets. In terms of Chatman (1989), there is a "person-organization fit" because a transworld company, one that is able to balance global effectiveness and local responsiveness, needs managers with global leadership capabilities and global mindsets to build global and local competitive advantage (Bartlett & Ghoshal, 1990; 2002; Gregersen et al., 1998; Gupta & Govindarajan, 2002). Outcomes of this employee fit, such as job satisfaction, organizational commitment, and individual performance, are considered effective assets by their superiors (Erdogan & Bauer, 2005; Kristof, 1996). Therefore, we assume that managers with global mindsets are appraised with relatively higher performance ratings, climb relatively faster up the hierarchical ladder of the organization, and are relatively better rewarded than managers with local or universal mindsets who meet the expectations to a lesser degree. Supervisors who appraise the job of their employees negatively, may give such individuals smaller salary increments, less interesting assignments, and less recognition than other employees, so affecting that person's career satisfaction. We assume that managers with global mindsets are also more satisfied with their career as a result of positive job evaluations by their superiors. Managers with universal mindsets are considered to be *less* effective than those with a global mindset in a transworld company because they emphasize global efficiency and downplay host-country business concerns. Managers with local mindsets are *not* effective in a transworld company because they put the home-country interests central in cross-border business operations. We consider career success, salary growth, and performance rating as objective indicators of leadership effectiveness whilst career satisfaction is a subjective indicator. Following the above, we formulated four related hypotheses to examine the relationship between global mindset and leadership effectiveness.

Career success is often referred to as the speed of climbing the hierarchical ladder within

one's organization (Luthans et al., 1985). Arthur and colleagues (2005, p.179) define career success as 'the accomplishment of desirable work-related outcomes at any point in a person's work experience over time'. According to Judge (1995), career success is related to both objective aspects of career success (e.g. promotions) and subjective elements (e.g. satisfaction with one's career). In a globalizing environment, career success can be a result of global work experience, such as expatriate assignments and global travel. Several studies suggest that CEOs with expatriate assignment experience tend to be more effective at managing worldwide operating companies than CEOs who lack such experience (Carpenter et al., 2001; Daily et al., 2000; Roth, 1995). Stahl et al. (2002) found that 59% of expatriates believed that an expatriate assignment would help them climb the hierarchical ladder within their companies. Sometimes, high failure rates with expatriate assignments are associated with a lack of career success (Shaffer & Harrison, 1998; Stroh et al., 2005). However, little is known about the long-term impact of expatriate assignments on managers' careers. It has been proposed that people with global mindsets are considered as having more career success in global organizations because their attitudes are positively related to career opportunities stemming from the globalization of their companies (Newburry et al, 2006, Newburry et al, 2007). Oddou and colleagues (2000) suggest that a global mindset is positively related to a willingness to travel globally and living and working abroad. A positive attitude towards multiculturalism is considered an important factor for a successful global career (Brewster, 1991). However, the literature generally provides only indirect evidence for a relationship between global mindset and career success. Empirical evidence shows that CEOs of large worldwide companies claim that having a strong cadre of globally-minded managers contributes to their organization's competitiveness (Dumaine, 1995). The results of our qualitative field research also indicate that global managers were promoted into their current role because they had demonstrated a global mindset in their earlier jobs with globally operating companies. As a result of organizational effectiveness, managers considered to be responsible for corporate success are promoted into higher positions within the company. Hence, in transworld companies, there will be a positive relationship between a global mindset and career success, in such a way that the higher that managers will score for global mindset, the higher they will score for career success. This leads to the first set of hypothesis below.

*H1a: the higher the score for global mindset, the higher the career success of managers working in a transworld company.*

*H1b: the higher the score for local mindset, the lower the career success of managers working in a transworld company.*

*H1c: the higher the score for universal mindset, the higher the career success of managers working in a transworld company, although their career success is lower than that of managers with global mindsets.*

Salary and salary progression are frequently used to indicate objective career success (Gattiker & Larwood, 1988; Judge, 1995; Orpen, 1998; Seibert et al., 1999). Salary is often measured in terms of net earnings or gross pay, monthly or annual payment for the work delivered in an organization, whilst salary progression refers to the net or gross increase in payments (Dries et al., 2009). Salary is one element of a total compensation package. Other elements are pension, insurance, benefits such as company car and expense allowances. Salary contains not only fixed elements such as the monthly payment, but also performance-related aspects (e.g. variable pay and incentives). As compensation differs between countries as a result of internal business factors, differences in prosperity and spending power between countries, and social factors, comparing managers' rewards from a worldwide remuneration perspective is hazardous (Logger et al., 2000). Therefore, using salary as a means for measuring leadership effectiveness is highly related to local and cultural practices. As the managers in our survey almost all had Dutch nationality, and were based in the Netherlands, we decided to relate salary, as a success criteria, to the Dutch environment. In the Netherlands, salary reflects a person's long-term career success. We expect successful managers to display a higher annual increase in gross salary than managers who are less successful. People with global mindsets are expected to be successful in their jobs if they are working in a globalizing environment. As they prove to be successful in their job performance, they will be rewarded a higher salary increase than managers with local or universal mindsets working in a transworld company. Consequently, there will be a positive relationship between the global mindset and increases in salary, in such a way that the higher that managers score for the global mindset, the higher they will score on salary growth. On the basis of this review, the second set of hypothesis is developed.

*H2a: the higher the score for global mindset, the higher the salary growth of managers working in a transworld company.*

*H2b: the higher the score for local mindset, the lower the salary growth of managers working in a transworld company.*

*H2c: the higher the score for universal mindset, the higher the salary growth of managers working in a transworld company, but their salary growth will be lower than managers with global mindsets.*

A globalizing work environment adds to the complexity of the situational context in which managers in worldwide companies perform their jobs (e.g. Gregersen et al., 1996; Kühlmann, 2001; Lane et al., 2004). Appraisal of managers working in a globalizing environment is often addressed in expatriation studies. In the expatriate literature, it is suggested that the performance of global managers cannot be compared to domestic performance standards because expatriate and domestic situations are not identical (Gregersen et al., 1996). According to Adler (2002), expatriate assignments and appraisals

are dependent on the stage of globalization of the company. For example, leadership effectiveness differs between export companies and worldwide operating firms as a result of the demands, constraints, and choices the organization imposes on the managerial work. Hence, managers need to possess the right mindset to deal with the complex global business environment and the interdependencies in organizational processes between headquarters and subsidiaries. If managers possess a local mindset, they approach multidimensional leadership situations based on their domestic and ethnocentric perspectives. With a universal mindset, they fail to incorporate into their perspective the concerns of the local affiliations. According to the expatriate failure literature, although criteria for success at home are not relevant in an overseas context, companies do sometimes expect the same performance from their managers wherever they are in the world, and managers may believe that excellent job performance in the home country guarantees adequate performance abroad (Birdseye & Hill, 1995; Black & Gregersen, 1999; Bonache et al., 2001; Brewster, 1991). As managers with global mindsets are considered to be more effective in a transworld company than managers with local or universal mindsets, their annual performance ratings are expected to be higher than other managers working in that environment. Therefore, we expect a positive relationship between a global mindset and performance rating, in such a way that the higher that managers score for the global mindset, the higher will be their performance rating. Based on the overview above, the third set of hypotheses is as follows.

*H3a: the higher the score for global mindset, the higher the performance rating of managers working in a transworld company.*

*H3b: the higher the score for local mindset, the lower the performance rating of managers working in a transworld company.*

*H3c: the higher the score for universal mindset, the higher the performance rating of managers working in a transworld company, although their performance rating will be lower than managers with global mindsets*

In line with Schein (1978), career success, rewards, and performance ratings are judged by the organization, whereas career satisfaction is evaluated from an internal perspective, for example by each individual manager. Career satisfaction can be seen as an individual's subjective evaluation of current work experiences. Our interview results indicate that successful global leaders are satisfied with their career and intend to further pursue their global career. They responded that working in a globalizing environment is more fulfilling than working in a domestic leadership role. The global leaders indicated that their career satisfaction is related to the success of their departments and the people working for them. They are also satisfied with working in a globalizing environment because they have developed global mindsets that enable them to lead their departments from an integrated



perspective on business, organization, and multiculturalism. Hence, managers with global mindsets are more satisfied with their career, as a result of their global work experiences, than managers working in a globalizing environment but with local or universal mindsets. However, as people with universal mindsets are happy to travel around the world and do business overseas, they can be satisfied with their career, albeit to a lower degree than those with global mindsets. Managers with universal mindsets enjoy global work, but are in favor of a unified global approach which does not completely fit with a transworld company that expects their managers to balance global and local organizational concerns. As managers with local mindsets tend to impose home-country policies and ethnocentric ways of working on foreign subsidiaries and people with other cultural backgrounds, they feel increasingly unhappy in an increasingly transworld company. As such, there will be a positive relationship between a global mindset and career satisfaction, such that the higher that managers score for global mindset, the higher they will score for career satisfaction. This leads to the fourth set of hypothesis below.

*H4a: the higher the score for global mindset, the higher the career satisfaction of managers working in a transworld company.*

*H4b: the higher the score for local mindset, the lower the career satisfaction of managers working in a transworld company.*

*H4c: the higher the score for universal mindset, the higher the career satisfaction of managers working in a transworld company, although their career satisfaction will be lower than managers with global mindsets*

As indicated earlier, no hypotheses will be formulated concerning the relationships between personal factors and person-job-factors. Possible correlations will be only examined in an exploratory manner. Organizational factors are also not included but will be used as background information when analyzing the quantitative data, although we did include one item in the questionnaire that measures the degree to which a manager's job can be characterized as more global or more national. This question addresses the geographical scope of a manager's job. Managers were asked to indicate whether they perceive their jobs as home-country or foreign-country oriented, and more (or less) than 50% focused on international business.

### **6.3 Sample**

The Global Mindset Questionnaire was tested in a Dutch affiliation of a global financial service company. Three departments participated in the research: the Assurance department, the Tax department, and the Advisory department. Assurance was the largest



department, with clients mostly located in the Netherlands. The Tax department has a global focus but the advisors are generally working at offices in the Netherlands. Finally, the Advisory department is involved in worldwide business activities, for example with mergers and acquisitions. Consequently, the managers working in this department are often abroad. In the survey, we neither made any distinction between managers based on the characteristics of their departments nor on their global work experience but instead used data analysis to explore homogeneous groups. The managers were sent an e-mail including a personal code and a hyperlink to a secured area of the internet. After entering the personal code, the managers had access to the survey form. The survey was conducted in the first three months of 2010 and involved 160 managers from the three participating departments based in the Netherlands. We initially divided the managers into two groups based on the characteristics of their current job. More specifically, managers who travel across borders for business reasons three times or fewer each year and are abroad on business assignments for less than one month each year were labelled “domestic managers”, and managers who travel across borders for business reasons four times or more each year and are abroad on business assignments for at least one month each year were referred to as “global managers”. From an analysis of the descriptive results, it appeared that global work experience was an important variable in explaining variance and that a large number of “domestic managers” had had global work experience in previous jobs. On this basis, the first group of managers was divided into two subgroups, group 1a without global work experience and group 1b with global work experience. In the analysis, group 1a, the domestic managers without global work experience, is referred to as the DOM sample. Group 1b, the domestic managers with earlier global work experience, is denoted as the DOMEXP sample. The global managers from group 2 are referred to as the GLOBAL sample.

## **6.4 Measures**

### **6.4.1 The global mindset questionnaire**

As an individual global mindset is a hypothetical construct that cannot be observed directly, we measure the concept by questioning managers about their beliefs, opinions, and ideas with respect to processes of globalization. The Global Mindset Questionnaire is the heart of the research model, supplemented with personal factors, person-in-job factors, and criteria for leadership effectiveness. The Global Mindset Questionnaire consists of 46 items measured on a five-point Likert scale, ranging from one (totally disagree) to five (totally agree). A number of 18 items reflect a global mindset, covering all four attitudinal dimensions with respect to globalization. The local mindset consists of 15 items, and the universal mindset group contains 13 items.

#### 6.4.2 Influencing factors

Personal factors that are often included in field research include gender, age, level of education, marital status, and sometimes other indicators of the family situation. They can be used to check whether they explain part of the variance. According to Thomas (2002), family situation, demographic factors, gender, and nationality are related to expatriate success, and so can also be important in global mindset research. However, it is important to note that the criteria for expatriate success differ from leadership effectiveness (Shaffer et al., 2006; Takeuchi et al., 2002). In our study, we investigated the following personal factors: gender, age, marital status, number of children, nationality, and level of education. It is also suggested that international management courses are related to managerial mindsets (Arora et al., 2004). Therefore, we added the time spent studying abroad as a potential influencing factor because of the international backgrounds of a number of the respondents.

Person-in-job factors are personal factors that are related to one's job. McCall and Hollenbeck (2002) conclude that cross-cultural work experience is essential for developing the cultural dimension of global mindset. The challenging nature of working abroad leads many people to question their mental models and develop new ones, which contributes to a global mindset. Oddou et al. (2000) argue that global travelling might contribute to global mindset transformation. Expatriate studies support the view that previous international experience adds to expatriate success (Thomas, 2002). However, adequate past performance in a domestic setting is not a good predictor of excellent performance overseas (Black et al., 1999a). Therefore we included not only work experience in general, but also global work experience such as global travel and/or living and working abroad as an expatriate in our study factors. Other person in job factors included were tenure at the organization, present job characteristics such as the geographical scope of the work, the amount of travelling and staying abroad for business reasons, and contract type, that is, the formal working hours per week.

In the literature, organizational factors are often considered to shape the work place of individuals. Consequently, the degree of internationalization reflecting the company's level of cross-border operations (e.g. Sullivan, 1994), influences the cultivation of global mindset (e.g. Gupta & Govindarajan, 2002). The empirical study by Kobrin (1994), based on the theoretical work of Perlmutter (1969), revealed that companies with more geocentric attitudes tend to be more global in geographical scope. His results are consistent with those of Calof and Beamish (1994) who found that Canadian geocentric firms are more international than those classed as either polycentric or ethnocentric. Like Kobrin, they found no differences related to size, in terms of total sales or employees in the relationship with geocentric mindset. Kobrin describes "scope" as the geographical context within which all major decisions are made. Scope factors used were percentage of sales abroad, number of countries with manufacturing operations, percentage of employees abroad, firm size

(sales) \*, number of subsidiaries less than five years old. Kobrin found that an index of geocentrism correlates with geographic scope and with various aspects of international human resource policy and practice. No relationship was found with measures of multinational strategy or organizational structure. Calori et al. (1994) investigated the relationship between the scope of a company and the cognitive complexity of the company's CEO and found that CEOs from multinational companies are more complex than CEOs from domestic companies. Hence, in our study, we consider organizational factors as potentially able to explain the relationship between person in job factors and a global mindset.

### 6.4.3 Criteria for leadership effectiveness

We examine leadership effectiveness on the basis of *outcomes* of actual behavior as perceived and rewarded by their companies in terms of performance rating, career success, and salary growth, and the individual perception of managers with respect to their career satisfaction. According to Yukl (2002), when examining leadership effectiveness it is better to use criteria that are measured over an extended period of time. Therefore, in our model, we include a number of criteria that measure leadership effectiveness covering a number of years that a manager had worked for the company. The following objective indicators of leadership effectiveness are used: (1) career success; (2) salary growth; (3) performance rating; and (4) career satisfaction. Career success, salary growth and performance rating are considered as objective criteria for leadership effectiveness because the rating is determined by others than the managers participating the study. Career satisfaction is a subjective criteria because this is the managers' personal evaluations of their satisfaction with their careers so far.

To measure career success, we used the Managerial Career Success Measure (MCSM) of Dries et al. (2009) because of its content and construct validity. Career success is reflected in the number of career promotions indicating the speed of moves made up the hierarchical ladder of an organization. In this thesis, we measure intra-organizational career success, that is, we address the career success that managers have within their current organization because we want to avoid a possible bias as a result of organizational factors that are specific to other firms than the company involved in this study. The underlying premise of career success is that the most successful managers are those who have made the most upward career moves within the time they have worked for their company. The MCSM is built on three sub-indicators that are multiplied to give a total score: a level indicator (L), a tenure indicator (Y) and a mobility indicator (M). The level indicator reflects the relative hierarchical level that a career actor has reached at a given time between the lowest and the highest possible managerial levels in the organization. In our study, we considered all the existing hierarchical levels in the company because of the characteristics of the business, the

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\* In contrast to Bouquet (2005) and Nummela et al. (2004), who measured sales as financial performance, Kobrin (1994) measures sales as the foreign sales related to the company's total sales. See also Sullivan (1994).

managers' work place, and the high professional level of the jobs. More specifically, in the financial company in which our survey was conducted, being successful as a manager depends not only on leading highly skilled employees, but also on meeting personal sales targets and having skills in maintaining relationships with often substantial and multinational customers. The tenure indicator addresses the number of years a manager has worked in the organization with a theoretical maximum of 45 years in the case of being a manager from the age of 20 through to 65, the normal retirement age in most developed countries. Analogous with the level indicator, we measured the managers' total tenure at the organization, both the time in managerial and in non-managerial roles. The mobility indicator assesses the number of upward career moves a manager has achieved at a given point in time. When a career actor is currently at the highest managerial level in the organization having starting at the lowest possible managerial level, the mobility indicator will be at its maximum value. In our research, we compared the current managerial level with the level that managers started to work for the company for consistency with the level and tenure indicators.

The second criteria, salary growth, is measured using the Salary Growth Index (SGI) and calculates the growth in salary relative to the tenure at the organization. This way of calculating salary growth is based on the methods of Vinkenburg (1997) and Jansen and Stoop (1995). The current salary minus the starting salary divided by the tenure at the organization provides the Salary Growth Index.

The third criteria is a manager's job performance which we measured by asking them for their performance ratings over 2007, 2008 and 2009. The managers were asked to report their annual job performance as determined by their bosses on a five-point scale. The highest rating was one (excellent) and the lowest rating five (inadequate). The reason for the inverse measurement is that this resembles the company's practices on this issue and should therefore reduce errors in completing the questionnaire.

The final criteria for leadership effectiveness we used is career satisfaction. Career satisfaction, as judged by the employee, is one type of career outcome. Another form of career outcomes is an evaluation by the company (Greenhaus et al., 1990). We view career satisfaction from an internal perspective, by an individual, as a subjective evaluation of career success. To measure career satisfaction we used the "Career Satisfaction" scale of Greenhaus et al. (1990). We asked managers to indicate the extent to which they agreed or disagreed with statements about their career achievements on a five-point Likert scale, ranging from one (totally disagree) to five (totally agree).

## 6.5 Descriptive results

A total of 103 managers started to complete the second survey. Unfortunately, 18 of them did not finish the questionnaire, probably because they were unwilling to report their current monthly salary, which was one of the questionnaire items. Therefore, the total number of respondents was 85, a response of 53%. However, two managers were excluded from the analyses because their scores were consistently “3” throughout the survey making their results unreliable. Hence, the scores of 83 managers were used in the analyses, which is almost 52% of the total sample. The average time to complete the survey was 12 minutes and 8 seconds. We initially used the answers of the survey to classify the managers into a domestic group and global group, based on the items “In your CURRENT position, how many times each year do you travel abroad (for business reasons)?”, and “In your CURRENT position, what is the time spent on business assignments in a foreign country?”.

The DOM sample consisted of 33 respondents and the DOMEXP sample 18 respondents; the GLOBAL sample consisted of 32 managers. After analyzing the demographics we found that the three groups were very similar with regard to personal factors. Therefore, we report only the averages of the complete sample: gender (male: 75.9%, female: 24.1%); age (36.3 years), marital status (married or living together: 90.4%, single: 7.2%), number of children (none: 33.7%, one or more: 66.3%), nationality (Dutch: 92.8%), education (master level: 56.6%, higher than master level: 38.6%), education abroad (less than one month: 81.9%, one month or more: 8.1%). The homogeneity of the three groups is possibly related to the fact that the managers are operating from the company’s headquarters in the Netherlands. This also means that the influence of differences in national cultures on the results is small which is a conceptual advantage. The education of the managers in both groups is very high because of the characteristics of the company’s business (accountancy, financial services, and tax services) and its focus on large multinational companies (although the emphasis of their activities lies on the domestic business units of those companies). With regard to the person-in job factors, the average work experience and the tenure at the organization are almost the same for both groups: an average of 12.9 years work experience and 10.5 years of tenure at the organization.

The groups differ in terms of global work experience. While the domestic managers in the DOM and DOMEXP sample have 1.6 years of experience in working abroad and 19.6% of them have expatriate experience (in previous jobs), the global managers in the GLOBAL sample have 5.2 years of global work experience and 56.3% have expatriate experience. Remarkably, 65.6% of the global managers consider their work as home country oriented and less than half focused on global business. For the domestic managers in the DOM and DOMEXP sample, this is 82.4%. Only 4.8% of the global managers consider their work foreign country oriented and more than half focused on global business. Even 3.9% of the domestic managers, while almost never travelling abroad, report that more than 50% of their work is focused on global business and is foreign country oriented. These intertwined findings, as a

result of the very similar groups, hindered the testing of the research model in terms of testing the research model, and finding possible differences in global mindset and leadership effectiveness.

## **6.6 Instrument reliability**

We examined the reliability of the Global Mindset Questionnaire by calculating the Cronbach's alphas of the three mindsets and comparing them to the results of the factor analysis as explained in Chapter 5. The mean score of the global mindset (18 items) was 70.69 (with a standard deviation of 5.81). For the local mindset (15 items) the mean was 41.80 (standard deviation 6.38) and for the universal mindset (13 items) 41.72 (standard deviation 5.20). The instrument's reliability refers to the extent to which the Global Mindset Questionnaire yields consistent scores over repeated observations. After this second test of the Global Mindset Questionnaire, using factor analysis, we could confirm the internal consistency of the mindset typology, although the results of the second test are somewhat lower than the first test. The global mindset has a Cronbach's Alpha of .80 (.86 in the first test), the local mindset is .80 (.84 in the first test), and the universal mindset .70 (.81 in the first test). The three factors in the Global Mindset Questionnaire explain only 31% of the variance which is somewhat disappointing, probably as a result of the small research sample and the high similarity in personal and person-in-job factors. One factor refers to the global mindset, another to the local mindset, and the third factor is a combination of both global and universal mindsets.

Thus, the global mindset and the local mindset are distinct concepts. The universal mindset is less clear in this research because the items representing universal mindset are not distinct. In other words, the universal mindset to an extent covers the "global" representation of the integrated global-local perspective of a global mindset. This could also be a consequence of the homogeneous research group as the job characteristics of most managers is home-country-oriented and less than 50% of their business operations are internationally focused. Therefore, the number of managers with a universal mindset is probably too low to find significant correlations.

## **6.7 The relationship between personal and person-in-job factors and global mindset**

When analyzing the expected relationships as depicted in the research model, we first took a closer look at the relationship between the personal and person-in-job factors and the mindsets. We excluded nationality from the correlating variables because almost all the respondents had Dutch nationality. We also excluded the variable "department" as this

question was only relevant for the company in which the survey was conducted. Regression analysis revealed no significant relationship between personal factors and mindsets. However, we found that the effect of person-in-job factors on global mindset was significant ( $F= 1,17$ ,  $p < .05$ ). Overall, 15.4% of the variance in global mindset is explained by person-in-job factors, and including personal factors this boosts to 16.6%. The effect of person-in-job factors on local mindset was significant ( $F= 2,69$ ,  $p < .05$ ) whilst the influence of personal factors was marginal. Of the variance, 23.3% was explained by person-in-job factors. When adding personal factors, the total variance explained rose to 26.6%. The effect of person-in-job factors on universal mindset was also significant ( $F= 1,23$ ,  $p < .05$ ) and explain 29.4% of the variance in the universal mindset, including personal factors this rose to 29.7%.

Next, we examined the relationship between the mindsets and their antecedents in more detail. Table 6.1 presents the correlations between personal and person-in-job factors and mindsets.

**Table 6.1** Relationship between personal and person-in-job factors and mindsets (N = 83)

	Global mindset	Local mindset	Universal mindset
<i>Personal factors</i>			
Gender	-.028	-.084	-.030
Age	-.110	-.166	-.214*
Marital status	-.110	-.043	-.136
# children	-.045	-.103	-.103
Education	.001	.142	-.085
Study abroad	.042	-.133	.135
<i>Person-in-job factors</i>			
Work experience	-.024	-.049	-.161
Global travel experience	.137	-.240*	.053
Expatriate experience	.209*	-.013	.378*
Tenure at the organization	.092	-.229*	.062
Global travel in current job	.266*	.119	.295*
Time spent abroad in current job	.147	.101	.090
Geographical scope of work	.071	.062	.147
Formal working hours	.211*	.029	.219*

\* one-tailed significance  $p < .05$

We found a significant negative relationship between age and universal mindset, indicating that younger managers are more universal in their mindsets than older managers. Arora et al. (2004) found a negative relationship between age and global mindset indicating that the younger the manager, the higher the global mindset. They also found a positive relationship between education and global mindset which our research did not confirm, probably because 95.2% of the managers in our sample have a master degree or higher resulting in



little variance.

With respect to the relationships between person-in-job factors and mindsets, we found a positive correlation between expatriate experience and global mindset ( $r = .21$ ), meaning that the greater the expatriate experience, the higher the global mindset. Therefore, living and working abroad is an important determinant of having a global mindset. This confirms the literature that argues that expatriate assignments are essential tools for developing global mindsets (e.g. Mendenhall 2001; Osland 2001).

We also found a positive correlation between global travel for business reasons in the current job and global mindset ( $r = .27$ ), indicating that the more one travels abroad for business reasons, the higher one's global mindset. This finding seems to back the view of Oddou et al. (2000) that global travel is a useful tool for global mindset development. It is also possible that a global mindset is established through an expatriate assignment and further developed by global business travel. We found almost the same significant relationships between expatriate experience and universal mindset ( $r = .38$ ) and global business travel in the current job and universal mindset ( $r = .30$ ). Since factor analysis, based on the data in the second quantitative study, revealed that the universal mindset is conceptually closely related to global mindset, it is possible that expatriate experience and global travel are more closely related to a global mindset. Nevertheless, our data clearly show that expatriate assignments and global business travel are important in developing global leaders. There is a positive relationship between working hours and global mindset ( $r = .21$ ) and universal mindset ( $r = .22$ ) which means that full-time managers have significantly stronger global mindsets than managers working part-time. Working effectively in a 24-hour global business environment is not a nine-to-five job, in contrast to working in a domestic environment. Probably as a result of global travel and communicating across many time zones, global managers are less able to schedule their work within formal working hours.

We found a negative relationship between global travel experience and local mindset ( $r = -.24$ ) which means that the more that managers have travelled abroad for business reasons in the past, the lower their local mindset. Therefore, sending managers on global business trips is a good way to reduce their ethnocentric point of view. However, to establish global mindsets, managers need to live and work abroad for a period of time. There is also a negative relationship between tenure at the organization and local mindset ( $r = -.23$ ), indicating that managers who have worked for the company for a long time have more local mindsets than managers who entered the company more recently. The company's HR department confirmed that they had hired a relatively large number of global managers from outside the company in recent years.

Although investigating the relationship between personal factors and person-in-job factors is not the main objective of this thesis, we did examine this aspect to gain an idea of possible relationships. The results showed that the personal factors and person-in-job factors are



related. For example, we found a negative relationship between gender and formal working hours which confirms the situation that women are more likely to work part time than men. Age has a positive relationship with work experience and global work experience, and a negative relationship with tenure at the organization and formal working hours per week. All the relationships we found resemble other research findings in which demographic data and person-in-job factors are related, and reflect common trends in demographic developments.

Organizational factors are included in this study to see if we can explain the survey results in the context of globalizing companies as a result of globalization processes. Sales abroad in relation to total sales and the number of employees working abroad related to the total number of employees are important indicators in assessing the degree of internationalization of the firm (Sullivan, 1994). The financial company in our research has business activities in many countries reflected in a global allocation of sales and resources. However, the company gives a considerable degree of autonomy to foreign offices. Based on Bartlett and Ghoshal (1989), the organizational configuration of the financial company in our study can be characterized as multidomestic. Multidomestic companies foster local adaptation in contrast to global companies which emphasize central coordination and the efficiency of worldwide operations. Multidomestic companies have a strategic mentality in which they adopt a more flexible approach to their worldwide operations by modifying their products, processes, and management practices country-by-country. In the company participating in this research, each country affiliate has its own domestic headquarters and customers are often served by the office in the country in which the customer's question was raised.

This confirms Bartlett and Ghoshal's theory in the sense that multidomestic companies develop national companies that are increasingly sensitive and responsive to their local environments. Consequently, the company's multinational mentality or, in our words, local mindset, allows national managers of foreign operations to be highly independent entrepreneurs with a lot of local market knowledge. When global customer demands transcend the company's local capabilities, the country's affiliate works together with specialists from offices in other countries. For example, when a Dutch multinational customer needs tax expertise to solve a tax problem in France, the company's French office takes over the Dutch client. As English is the standard language across the whole financial company, communication is usually not a major obstacle.

As a result of this multidomestic organizational structure and local mindset, leadership, human resource management, and other functional capabilities are concentrated on domestic practices and cultural values and, so, differ in each country where the company has business operations. In terms of human resource management, talent development is focused on local careers and the host country. Third country nationals face difficulties in climbing the hierarchical ladder in other countries. Performance management comes down to local management's expectations, and reward policies may differ considerably between

national offices. Therefore, a global approach to leadership development and human resource management is more difficult to realize than in centrally coordinated companies. Consequently, multidomestic companies with “diffused” mindsets are less effective in developing and cultivating global mindsets (Gupta & Govindarajan, 2002).

## 6.8 The relationship between global mindset and leadership effectiveness

### 6.8.1 Global mindset and career success

In this section, we describe the relationship between a global mindset and criteria for leadership effectiveness as presented in Table 6.2. A full regression analysis was performed to examine the hypothesized relationship between global mindset and leadership effectiveness. The full results of this analysis appear in Table 6.3.

**Table 6.2** Relationship between global mindset and criteria for leadership effectiveness (N = 83)

	Global mindset	Local mindset	Universal mindset
Career success (MCSI)	.073	.280*	.084
Salary growth (SGI)	.016	.174	.179
Performance rating	.056	.119	.180
Career satisfaction	.192	.333*	.089

\* one-tailed significance  $p < .05$

Although the company in which the survey was conducted operates worldwide, the organizational configuration appeared to be multidomestic. Consequently, as the survey was conducted in the Dutch affiliation, the results should be analyzed from a one-country perspective. As both the company’s Executive Board and its HR department confirm that the Netherlands is their primary scope of business, the Dutch office cannot be described as a transworld company but is rather a domestic company. When analyzing the relationship between global mindset and career success, we did not find a significant relationship between global mindset and career success. Managers with global and universal mindsets have only a partial an “person-organization fit” which possibly affects their global careers.

We found a positive and significant relationship between local mindset and career success as measured by the MCSI ( $r = .28$ ), indicating that managers with local mindsets are more successful in their company in terms of hierarchical career steps than managers with global or universal mindsets. As the company in our research has mostly domestic characteristics, it probably offers more career opportunities for locally-minded managers than managers with

a broader perspective on the world. Therefore, probably as a result of their company's multidomestic mentality, managers with global mindsets are considered less effective than managers with local mindsets. In line with the person-organization fit theory and situational leadership models, in our study, managers with local mindsets are considered effective.

As with global mindsets, managers with universal mindsets are not considered effective and therefore they climb the hierarchical ladder more slowly than managers with local mindsets. We had formulated our research hypotheses in terms of a global mindset and careers success, because we expected that global mindsets would be effective in the context of a globalizing company. Probably because of the strong effect of organizational factors on the managerial demands and constraints. There is no significant relationship between global mindset and career success, but a significant relationship between a local mindset and career success. As such, future research needs is necessary to confirm Hypothesis 1.

### **6.8.2 Global mindset and salary growth**

Next, we examined our second hypothesis. We found no significant relationship between global mindset and salary growth as measured using the SGI. There are a number of sources of bias that could explain these results. A theoretical explanation is that salary growth could be an ambiguous predictors of career success because they are distinct concepts and one influenced by different factors (Jaskolka et al., 1985). Another theoretical explanation when using salary as a measure for leadership effectiveness is that societal or demographical differences between people influence the level of payment and annual increases of income. For example, Kirchmeyer (1998) and Perrewé and Nelson (2004) contend that there is an inequality in pay between men and women in equal positions. Furthermore, salary is part of a broader compensation "package" in which salary not only reflects the manager's job performance, but also other aspects of the labor relationship, such as compensation for not having a company car, or allowances. Another source of bias could be organizational factors. A number of managers in the financial service company could have reached the top of their salary scales halting future salary increases, making salary growth as a criteria for leadership effectiveness less reliable. Moreover, HR policies determine annual increases in salary, levelling out real performers and more modest performers. The annual increase in salary at the company is based on the manager's performance rating. As the performance ratings revealed little variation, this probably influences the degree of salary growth. A methodological explanation is that we did not ask managers' about their annual bonus which maybe reflects the job expectations of their superiors. Although increases in fixed income are mostly regulated in the Netherlands, variable income is often determined by a company's management board. In this research, we were not allowed to measure variable income. A statistical explanation is probably the small research sample consisting of just 83 respondents.

The reasons above also apply to people with the local and universal mindsets. The results show that the relationships between salary growth and the local and universal mindsets are only just above the 5% significance level. This may indicate that managers with a local mindset are rewarded for building domestic business. Managers with a universal mindset (mostly working for the Advisory department) are considered effective because of the number and quality of worldwide businesses they are involved with. Therefore, the results could be useful for theory development with regards to global mindset, global leadership, and measurement criteria for leadership effectiveness. Future research is needed to confirm Hypothesis 2.

### **6.8.3 Global mindset and performance rating**

The third objective criteria of leadership effectiveness used is performance rating, as measured by the annual job evaluations by the managers' superiors. We found that the managers' annual performance ratings were very similar and therefore showed little variance in the responses. On a five-point scale ranging from 1 (inadequate) to 5 (excellent), the mean is 3.70 with a very low standard deviation of .529. Almost all managers were rated as 3 or 4 in 2007, 2008 and 2009. One would expect that if managers with local mindsets are more effective, that they not only would be promoted to higher positions in the company at a higher speed than managers with other mindsets, but also receive relatively higher performance ratings at the end of each year.

From the results, we sense that performance ratings do not reflect the managers' actual job performance. A theoretical explanation is that the company uses performance criteria to reflect other organizational objectives than task achievements. For example, a company may use a performance appraisal system to evaluate "hard" criteria for their expatriates reflecting measurable achievements, or use an appraisal system including "soft" criteria to support international managers in their personal development (Gregersen et al., 1996). Nevertheless, identical curves should be observable between performance ratings and career success in both systems. Eventually, a performance appraisal system must lead to certain outcomes. An explanation from an organizational perspective refers to the performance ratings. The variance of the appraisal ratings is probably low as a result of the appraisal culture. It is likely that there is a form of "rater bias" in the performance appraisal process in the company, although that in the Advisory department, where most managers with a universal mindset work, this rater bias is relatively low. A methodological issue is that the performance criteria against which the managers' performances were measured were not explicitly determined. Consequently, it was not clear which behaviors and responsibilities were considered to constitute effective leadership by the managers' appraisers, and whether these performance criteria could be related to global mindset. Another methodological bias is that the survey was self-reporting which means that

respondents were asked to report on their performance evaluations themselves. Again, a statistical concern is the relatively small research sample.

Finally, when relating personal factors to performance ratings, we found a negative and significant relationship between age and performance rating (-.50). Relatively young managers are considered to be more adequate in their job performance than older managers, which is a common observation in companies and in the sociological literature. Younger people are generally more open to changes, are more ambitious, and have a higher achievement orientation than older people. As a result of the relatively low variance in performance ratings, it is almost impossible to predict leadership effectiveness from the company's appraisal system. Its usefulness as an indicator of leadership effectiveness needs to be reconsidered. Consequently, we did not find a significant relationship between mindsets and performance ratings. Hence, the third hypothesis remains to be confirmed by future research.

#### **6.8.4 Global mindset and career satisfaction**

We found no significant relationship between global mindset and career satisfaction. As managers with global mindsets are positive towards an interdependent network organization, in which all worldwide subsidiaries and headquarters work together, they are not satisfied with working for a company that emphasizes the concerns of each locally focused office. Although this company exploits cross-border business operations, the interests of the home-country organization prevail. In line with the above, managers with local mindsets should be more satisfied with their careers than managers with global or universal mindsets. Our research results revealed a positive and significant relationship between local mindset and career satisfaction ( $r = .26$ ). Managers who are contributing to the home-country business and have a perspective that favors the idea of doing business within borders and with home-country nationals are not only considered to be effective by their superiors, they are also more satisfied with their own careers. Probably, making relatively fast progress in the company's hierarchy also contributes to the notion of being satisfied with one's career. Further, we found a negative and significant relationship between travel experience and career satisfaction. That is, the less the travel experience, the higher the career satisfaction in a largely domestic-oriented company. Managers who have not travelled abroad for business reasons in the past are more satisfied with their careers than managers who have travelled abroad in previous years. A desire to stay at home is probably related to managers with local mindsets for whom global business travel is not the most attractive part of their job.

Although the relationships between the predictors and career satisfaction are significant, and a local mindset was also significantly related to career success, we found only a weak support for the proposed relationship between a global mindset and career satisfaction as a

criteria for leadership effectiveness. Therefore, Hypothesis 4 remains to be confirmed by future research.

## 6.9 The relationship between global mindset, its antecedents, and leadership effectiveness

### 6.9.1 Full regression

We used regression analysis to identify possible differences in personal factors, person-in-job factors, and mindsets that could explain each of the four factors of leadership effectiveness. An analysis of variance partitions the total variance in the dependent variable (the leadership effectiveness criteria) and provides estimates of the amount of this variance due to each of the influencing factors and their interactions. When using a linear regression model, we are able to tests the statistical significance of the main effects and their interactions. The results of the full regression analysis of all predictors on the criteria for leadership effectiveness are presented in Table 6.3.

**Table 6.3** Full regression analysis between mindsets, criteria for leadership effectiveness, and predictors

Predictors	Criteria for leadership effectiveness			
	Career success	Salary growth	Performance	Career satisfaction
<i>Model 1</i>				
Work experience	-.069	-.115	.007	.238
Global travel experience	-.091	-.055	.122	-.259
Gender	-.192	-.147	-.119	-.054
Age	-.073	-.111	-.495	-.193
# Children	.012	-.068	.059	.027
R Square	.059	.081	.215	.081
<i>Model 2</i>				
Work experience	-.176	-.148	-.002	.083
Global travel experience	-.041	-.033	.137	-.235
Gender	-.158	-.126	-.108	-.018
Age	.046	-.049	-.471*	-.015
# Children	.038	-.051	.067	.057
Global mindset	.042	-.092	-.081	.209
Local mindset	.256*	.114	.057	.260*
Universal mindset	-.013	.158	.102	-.048
R Square	.119	.114	.227	.186

\* one-tailed significance  $p < .05$

The results indicate that leadership effectiveness is influenced by several factors, consisting of multiple variables and shaped by characteristics of the situation. This supports Bird and Osland's (2004) research that effective global leadership is built on a number of consistent layers containing a number of interdependent concepts. In their Global Competency Model, the first level is a broad cognitive structure, able to comprehend the dynamic global business logic. The second level consists of threshold traits that refer to a number of personality traits, that are appropriate in the globalizing environment. The third level involves the global mindset. The fourth and fifth levels address interpersonal skills and system skills that are guided by the first three levels. Bird and Osland's model reflects the second stage of global leadership research in that it studies an integrated configuration of global leadership capabilities. The research model in this thesis refers more to the third stage of global leadership studies that relate the global leadership configuration from the second stage to one or more expected outcomes of global leadership, i.e. criteria for leadership effectiveness. The center of our research model is the global mindset, and this is considered to be influenced by personal factors and person-in-job factors. This configuration is expected to guide global leadership behavior such that it results in effective leadership as determined by an organization. We did not measure global leadership behavior itself, but the outcomes of that behavior which is considered to reflect effective leadership. A full regression analysis was performed to examine the extent to which the personal factors, person-in-job factors, and the mindset typology influence leadership effectiveness in terms of career success, salary growth, performance rating, and career satisfaction.

With respect to career success, as measured by the MSCI, about 6% of the variance is explained by personal and person-in-job factors. Including the mindsets, approximately 12% of the predictors of career success is explained. To be successful in their careers, besides other capabilities, managers need an equal combination of personal and person-in-job factors and a mindset that fits a company's strategy and organizational configuration. The role of the mindset typology lies in determining the person-organization fit. If managers have the appropriate personal and person-in-job factors but do not possess a mindset that reflects a company's corporate mentality, they are implicitly or explicitly considered to be less effective. Consequently, they will not, or not as rapidly, be promoted into higher positions in the organization's hierarchy as managers with mindsets that are conducive to the company. We found that 8% of the variance in salary growth, as measured by the SGI could be explained by personal and person-in-job factors. Entering the mindsets only slightly improved the explanation of the variance (to about 11%). Therefore, salary might be largely influenced by other factors than those we measured in our research, e.g. organizational factors such as the company's HR policy and compensation practices, or social factors such as the inequality in pay between males and females for equal jobs. As 8% of the variance in leadership effectiveness is explained by personal and person-in-job factors, a fixed income seems to be more a reflection of biographical factors than mindsets.

As there is no significant relationship between mindsets and performance ratings, we did not



anticipate a major role for mindsets in explaining the variance. It seems that personal factors and person-in-job factors can explain about 21.5% of the variance in performance ratings, including the mindsets boosts to 22.7%. Mindsets in fact seem to play no role in the managers' appraisal process. As discussed elsewhere, this is remarkable because we would expect that when there is a person-organization fit then an appropriate mindset will influence job performance positively and should be evaluated accordingly. The managers in our study almost all were appraised as "good" or "very good", regardless of their mindset. In explaining the total variance, personal factors and person-in-job factors are almost solely responsible. Approximately 8% of the total variance with respect to career satisfaction is explained by personal factors and person-in-job factors. However, when including mindsets, 18.6% of the variance is explained. These results clearly show the important role of mindset in determining a manager's career satisfaction. As the career satisfaction items address the managers' individual perceptions about their career advancement, and personal development through their careers, they can also be related to career success. The role of the mindset in predicting career success and career satisfaction seems promising as mindsets explain 16.6% of the total variance. Including personal and person-in-job factors, increases the total variance explained to 30.6%. Given that the research results reveal significant relationships between mindsets and career success and career satisfaction, they probably highlight the importance of a person-organization fit and effective leadership based on the demands and constraints of the situation. In total, about 43.5% of the variance in leadership effectiveness was explained by personal factors and person-in-job factors. Including the mindsets, increased this is to 64.3%.

There are a number of reasons that can explain the weak relationship between mindsets and leadership effectiveness. First, the mindsets reflect general attitudes towards globalization processes while the leadership criteria measure more specific behaviors. According to Ajzen and Fishbein (1977), a close relationship between attitudes and behavior can only be found when both measures correspond in their degree of specificity. Therefore, they propose four elements of attitude-behavior correlation: (1) the action element: what behavior is to be performed; (2) the target element: at what target the behavior is to be directed (e.g. a product or person), (3) the context element: in which context the behavior is to be performed; and (4) the time component: at what time the behavior is to be performed (specific or sometime in a year). In our study, the managers' evaluative responses about globalization processes was measured at a somewhat abstract level while the leadership effectiveness criteria measured the outcome of managerial behavior at a more concrete level.

A second reason why the relationship between mindsets and leadership effectiveness is low is that the global mindset only contains the cognitive category of attitudes. Rosenberg (1968) assumes that the affective-cognitive consistency of an attitude correlates with its stability and with resistance to attitude change. When the affective category of attitudes is added to the concept of global mindset, characterized by affective-cognitive consistency, it



will have greater a validity as a predictor of subsequent behavior. Alongside the abstract-concrete dimension and affective-cognitive consistency, there is the dimension of attitude-behavioral intention. This is described by Fishbein and Ajzen (1975) in their “theory of reasoned action”. This model maintains that situational constraints can be so strong that no individual behavior is possible. One of the situational constraints highlighted is a strong social norm in a specific situation that forces managers to perform expected behavior. As indicated by Stewart (1982), a manager’s job is shaped by demands, constraints, and choices. Therefore, it is possible that managers with global mindsets are constrained by the social norms of their home-oriented company (e.g. expectations from senior management that they should manage organizational processes or customers so as to support the financial performance of the domestic affiliation). Consequently, they behave such that they meet these expectations in order to receive an adequate performance rating, an annual increase in salary, or career opportunities.

As described earlier, a methodological problem here is the use of two specific criteria for leadership effectiveness. The SGI instrument to measure salary growth reflects the annual increase in basic income. However, basic income here appeared not to be a good measure of job performance or leadership effectiveness as it was also influenced by other factors, such as social norms and the system of time-based rewards rather than performance-based rewards, that is especially common in the Netherlands (Logger et al., 2000). From a methodological perspective, performance rating could be an appropriate measure of leadership effectiveness. However, the performance criteria should be specific and need to be related to behavior that reflects the corporate mentality. Another possible methodological problem is the fact that the questionnaire was self-reporting. The research results also suggests a rater bias in evaluating managers’ job performance because the consistent and relatively high evaluation of all managers is not congruent with our other measures of leadership effectiveness such as career success and career satisfaction.

A statistical problem remains the small sample size consisting of only 83 managers which also had to be divided into three groups. Furthermore, the samples were largely similar except for the characteristics of the current role and earlier global work experience. This similarity in personal and person-in-job factors affected the factor analysis and hindered the testing of the validity of the Global Mindset Questionnaire.

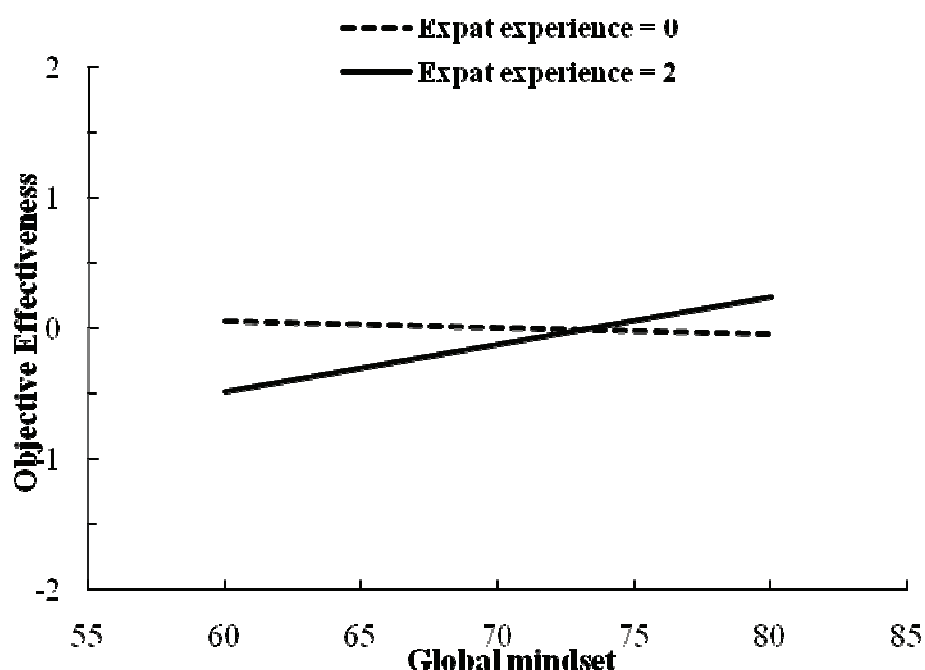
### **6.9.2 Interactions**

As the full regression analysis indicates that person-in-job factors also influence leadership effectiveness, we wanted to examine whether the relationship between global mindset and leadership effectiveness was affected by a number of interaction factors. We first conducted a factor analysis on the four criteria for leadership effectiveness because a Pearson correlation analysis had indicated a significant relationship between the three objective

factors for leadership effectiveness: career success, salary growth, and performance rating. The subjective measure, career satisfaction appeared to be a separate factor. A two-factor analysis confirmed the expected classification into objective and subjective criteria. Then we examined the relationship between global mindset and the objective criteria for leadership effectiveness whilst adding four moderators: (1) expatriate experience, (2) global travel experience, (3) global travel in current job, and (4) time spent on global business assignments.

The results of the regression analysis revealed an interaction effect between global mindset and expatriate experience in terms of leadership effectiveness. Although not significant, the R Square increased from .008 to .041 ( $F = 1.13$ ) when adding expatriate experience as a predictor. Managers with global mindsets are possibly more effective when they also have expatriate experience. As the number of managers with expatriate experience in our research was very low, the role of expatriate assignments could not be fully tested. The mean scores for objective leadership relative to global mindset and expatriate experience are presented in Figure 6.2

Figure 6.2 Global mindset and expatriate experience related to objective leadership effectiveness



Next, we examined the moderating role of global travel experience on the relationship between global mindset and objective leadership effectiveness. When adding global travel experience, the R Square increased from .019 to .063 ( $F = 1.18$ ). Although this relationship was again not significant, it was very close to the 5% significance level ( $p = .058$ ). In Figure 6.3, the mean scores for objective leadership effectiveness relative to global mindset and

global travel experience are presented. As with to expatriate assignments, global travel experiences moderate the effect of global mindset on objective leadership effectiveness to a certain degree.

Figure 6.3 Global mindset and global travel experience related to objective leadership effectiveness

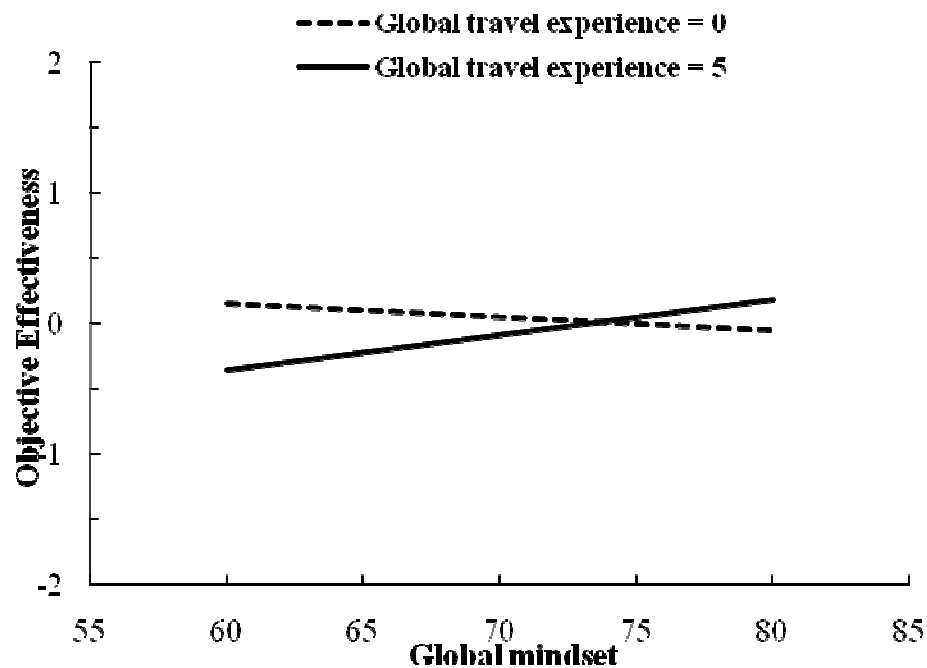
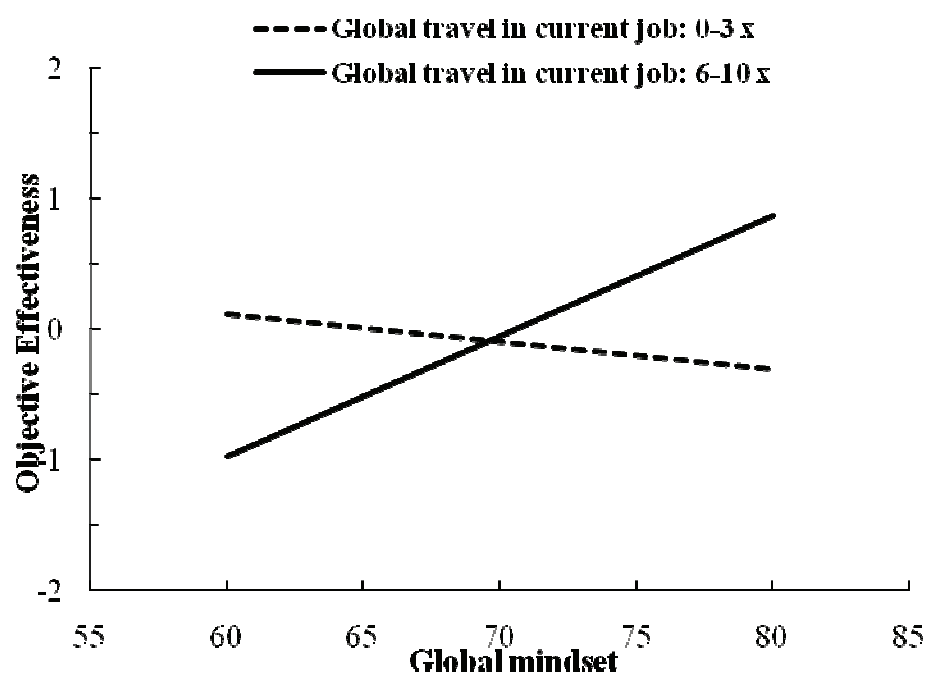


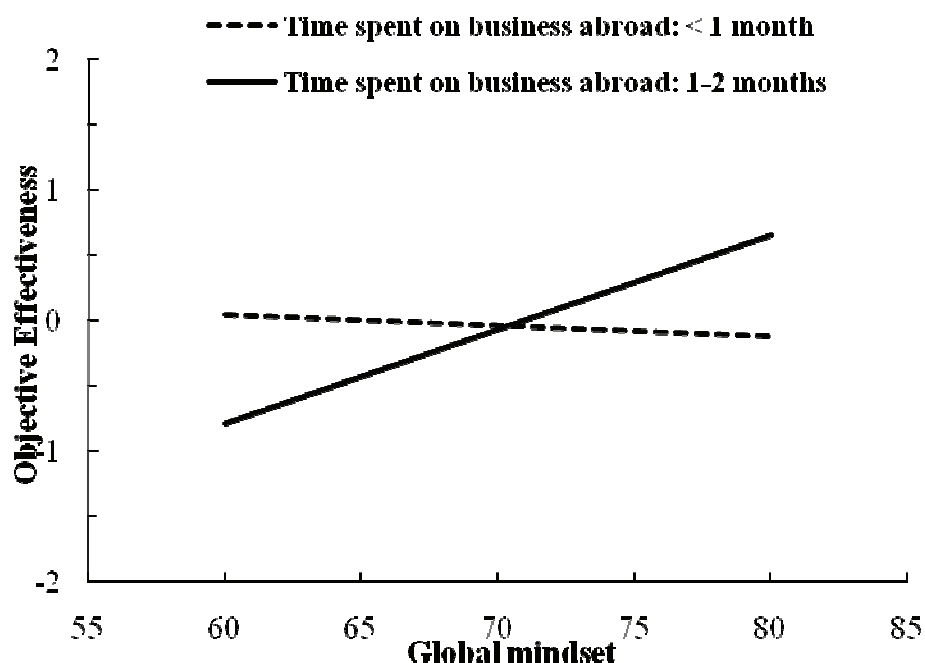
Figure 6.4 Global mindset and global travel in current job related to objective leadership effectiveness



When examining the effect of global travel in one's current in job on the relationship between global mindset and objective leadership effectiveness, we found a significant effect caused by global travel ( $F = 6.86$ ). Without this interaction, the relationship between global mindset and leadership effectiveness was not significant but, when entering global travel as a moderating factor, the R Square increased from .06 to .21 ( $p < 0.5$ ). In Figure 6.4, the effect on objective leadership effectiveness of global mindset and global travel in current job is depicted.

Finally, we investigated the moderating effect of time spent on global business assignments on the relationship between global mindset and objective leadership effectiveness. The results showed a significant relationship between global mindset, time spent on global business assignments and leadership effectiveness ( $F = 3.95$ ,  $p < 0.5$ ). When adding the time spent on global business assignments as a moderating factor, the R Square increased from .02 to .13 ( $p < 0.5$ ). Hence, global travel and time spent on business assignments abroad are valuable for managers with global mindsets as they enhance their leadership effectiveness as judged by their organization.

**Figure 6.5** Global mindset and time spent on global business assignments related to objective leadership effectiveness



To summarize, the relationship between a global mindset and objective leadership effectiveness is enhanced by moderating factors such as global travel for business reasons and time spent on global business assignments. These findings confirm the interview results from our first empirical study and that literature which stresses the importance of displaying

leadership when visiting overseas subsidiaries in order to gain respect, inspire multicultural followers, and be perceived by superiors as effective (Adler & Bartholomew, 1992; Farkas & Wetlaufer, 1996; McCall & Hollenbeck, 2002; Yukl, 2002). In our research, global business experiences as a result of earlier jobs are also important in enhancing global leadership effectiveness. These findings resemble those from other studies on the relationship between the international experience of a company's management team and the internationalization of its business operations (Harveston et al., 2000; Reuber & Fisher, 1997; Sambharya, 1996, Tung & Miller, 1990). However, global travel and time spent abroad for business reasons are important in developing global mindsets in order to remain effective as a global manager. If these elements are no longer part of global managers' job characteristics, their objective global leadership effectiveness will recede.

## **6.10 Differences in global mindset and leadership effectiveness between domestic managers and global managers**

### **6.10.1 Differences between managers**

As earlier explained, we divided the group of domestic managers into two subgroups based on their global work experience. Therefore, we used data from three samples in the analysis: the DOM sample (33 domestic managers without global work experience), the DOMEXP sample (18 domestic managers with global work experience), and the GLOBAL sample (32 global managers). As described in Section 6.5, the personal factors were very similar across all three samples. The differences between the groups of managers involve person in job factors, mindsets, and leadership effectiveness. The DOM sample consists of managers who do not travel abroad for business reasons and who do not spend time on foreign business assignments. This is a consequence of their job characteristics which are home-country focused and less than 50% related to international work. Most managers in the DOM sample work for the Assurance department which has mainly a domestic focus.

Managers from the DOMEXP sample are largely similar to managers from the DOM sample, except for their global work experience. This group has a shorter tenure at the organization than in the DOM sample, meaning they are relatively new in the organization, which means that they probably learned their global lessons in earlier jobs within other organizations. Also distinct in this group is a higher initial salary but a relatively low annual salary growth.

The global managers in the GLOBAL sample mostly work for the Advisory department which is the most globally oriented department in the financial services company. Nevertheless, still only 35% of the global managers are travelling abroad for business reasons more than three times a year. Many of the global managers had lived and studied abroad some time which seems to be their most significant international experience and probably for some of them the cornerstone in establishing a global mindset. The data indicates that in

this group, more universal mindsets exist, and that global managers with local mindsets are often satisfied with their career.

#### **6.10.2 Differences in global mindset**

The mindsets were measured using a five-point Likert scale ranging from five (totally agree) to one (totally disagree). When the average score for global mindset is above four, we consider the manager participating in this study to possess a high global mindset. Naturally, a below two score reflects a low global mindset. We use the same classification procedure for managers' scores on local mindset and on universal mindset. As expected, almost half of the DOM sample had a high score for local mindset. Nine managers from the DOM sample had a high score for global mindset even though they did not have global work experience. It is possible that these managers possess the latent capabilities needed to become future global managers. These capabilities relate to other personal factors which we did not include in this research, such as personality traits and cultural values. Compared with the two other samples, the DOMEXP group had the largest number of managers with a low score for local mindset. The sample is not particularly characterized by a high score on any one of the mindset types. Approximately half of the managers from the GLOBAL sample scored highly for both global mindset and universal mindset. Factor analysis had already showed that, in this research, the universal mindset is conceptually close to the global mindset, which is probably reflected in the mindset scores of the GLOBAL sample. Eight global managers had a high score for local mindsets. They are still developing a global mindset.

A multivariate test confirmed differences in mindsets within the samples. Based on linear regression analysis, we found that the DOM sample differs from the DOMEXP sample in terms of local mindset ( $.12 p < 0.5$ ). This is in line with our expectations that global work experience reduces local mindset. Surprisingly, we did not find a significant relationship between the DOM sample and the GLOBAL sample in terms of local mindset; perhaps because of the fact that 25% of the managers in the GLOBAL sample had a high score on local mindset. A number of global managers are probably in their early global careers and their mindsets may not be sufficiently developed in a global sense at the time the survey was conducted. There is also a significant difference ( $.008 p < 0.5$ ) between the GLOBAL sample and the DOM sample with respect to the universal mindset: compared to the DOM sample, managers from the GLOBAL sample had a relatively strong universal mindset. Although not quite significant ( $p = 0.53$ ), the GLOBAL sample also differs from the DOM sample in global mindset. The GLOBAL sample consists mainly of managers working for the Advisory department which is global in scope. Here, managers are more exposed to the global business environment than managers working in departments with a more domestic business focus. However, as managers from the Advisory department only travel abroad for a limited period of time, they probably do not learn the cultural lessons from doing business

with local people in foreign countries and from being exposed to the intense experience of an expatriate assignment. This could be the reason for developing a universal mindset rather than a global one. The results of the tests are presented in Table 6.4.

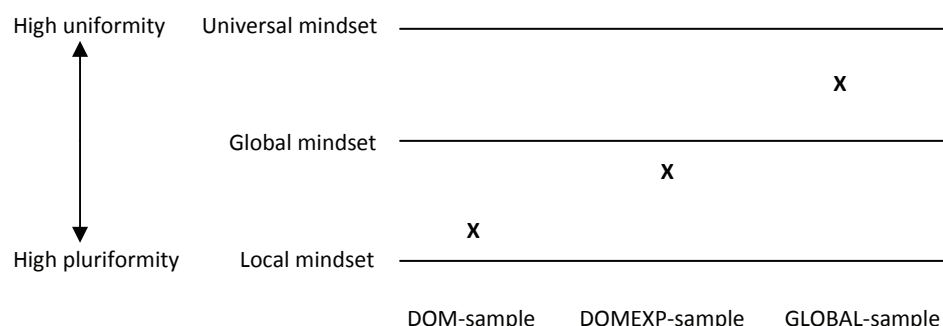
**Table 6.4** Differences in mindset between DOM, DOMEXP, and GLOBAL samples

Mindset	Sample	Mean difference
Global	DOM – DOMEXP	-2.571
	DOM – GLOBAL	-3.401
	DOMEXP – GLOBAL	-.830
Local	DOM – DOMEXP	5.303*
	DOM – GLOBAL	.920
	DOMEXP – GLOBAL	-4.375
Universal	DOM – DOMEXP	-1.732
	DOM – GLOBAL	-3.809*
	DOMEXP – GLOBAL	-2.076

\* significance  $p < 0.5$

In Figure 6.6, we depict the research samples on a continuum from high uniformity to high pluriformity, based on their differences in mindsets. The figure shows that managers from the DOM sample are truly locally minded whereas the global managers are positioned somewhere between a global and a universal mindset (with slightly more emphasizing the universal mindset. Although the DOMEXP sample had a very low score on local mindset, it cannot be characterized by a particular mindset, but rather is a blend of all mindset types. Since expatriate experience is related to a global mindset, the managers from the DOMEXP sample are considered to have generally more of a global mindset than the managers from the DOM sample. As the DOMEXP managers do not travel globally on a regular basis, they probably lack the further global mindset development of the global managers.

**Figure 6.6** Differences in mindset between DOM, DOMEXP, and GLOBAL sample



### 6.10.3 Differences in leadership effectiveness

We also compared the three groups with respect to leadership effectiveness. In Table 6.5, the results of the tests are presented.

**Table 6.5** Differences in leadership effectiveness between DOM, DOMEXP, and GLOBAL-sample

Mindset	Sample	Mean difference
Career success	DOM – DOMEXP	.6158
	DOM – GLOBAL	.4820
	DOMEXP – GLOBAL	-.5676
Salary growth	DOM – DOMEXP	46.395
	DOM – GLOBAL	-37.260
	DOMEXP – GLOBAL	-83.655
Performance rating	DOM – DOMEXP	-.111
	DOM – GLOBAL	-.315*
	DOMEXP – GLOBAL	-.204
Career satisfaction	DOM – DOMEXP	.111
	DOM – GLOBAL	.119
	DOMEXP – GLOBAL	.008

\* significance  $p < 0.5$

We found a significant difference in performance rating between the DOM sample and the GLOBAL sample. Domestic managers have a lower performance rating than global managers. Descriptive results reveal that the salary growth of global managers is higher than that of domestic managers with the relationship being almost statistically significant. There are no significant differences in terms of the other criteria for leadership effectiveness between the samples, although some personal factors and person-in-job factors are associated with leadership effectiveness. Probably the lack of significant correlations is related to the limited number of respondents, the homogeneity in the personal factors of the managers, and the specific characteristics of their company.

## 6.11 Conclusion

As global mindset is considered to be an essential global leadership quality, we initiated a further study to examine the relationship between global mindset and leadership effectiveness. In this third field study, we conducted a survey in another financial company in the Netherlands: a worldwide operating accountancy firm. We used the Global Mindset Questionnaire, as developed in the second field study, and added a number of selected



criteria to measure leadership effectiveness. We also included two groups of possible influencing factors: personal factors and person in job factors. Although organizational factors such as business and company characteristics are considered to influence the manager's work place, we explained the research results using organizational factors related to companies operating in a globalizing environment. Although the organizational characteristics were largely identical in terms of organization size, the multidomestic international strategy, and the financial industry, there were also differences in the developmental stages of globalization, the variety in the business, functional departments, and composition of the research group.

We concluded that the reliability of the Global Mindset Questionnaire is satisfactory as the Cronbach's alphas of the mindsets in both studies were rather similar, although the sample size and the homogeneity in personal and person-in-job factors hindered an explanation of the total variance. The instrument's predictive validity could be further enhanced using a larger sample from a company with a transnational organizational configuration. In this study, we could not confirm the research hypotheses, although that the local mindset type had a significant relationship with career success and career satisfaction.

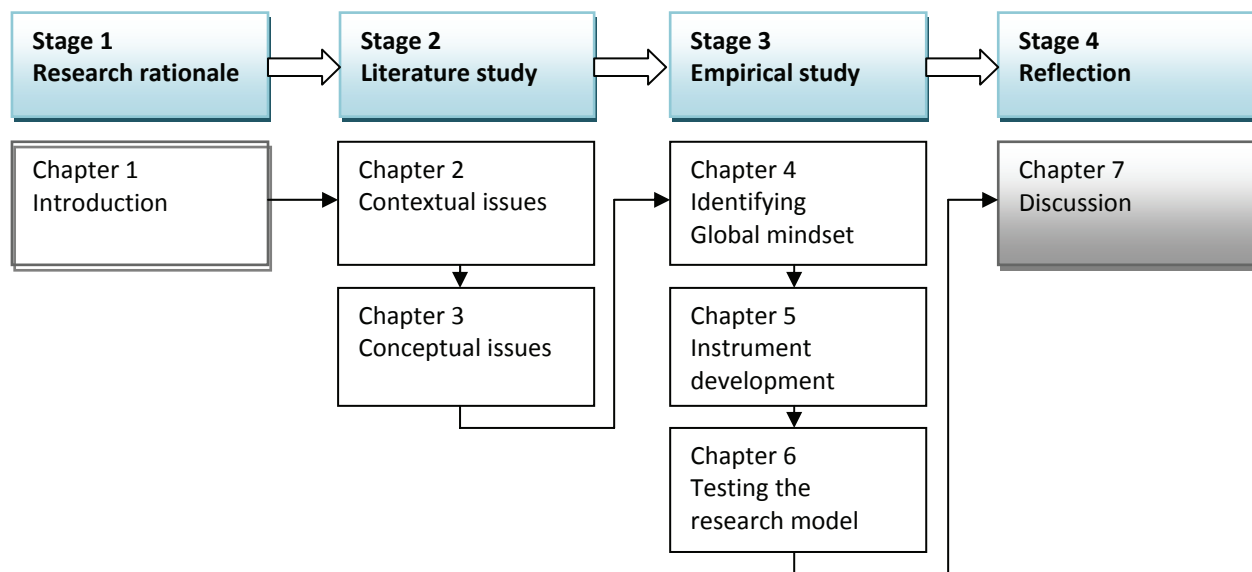
When reflecting on the criteria for leadership effectiveness used in this research, career success and career satisfaction seem promising criteria for measuring leadership effectiveness in relationship with a global mindset. They reflect the person-organization fit and situation-based global leadership in the context of globalizing companies. The other two criteria, salary growth and performance rating appear to be vulnerable to methodological and organizational biases and should be examined further before using them as criteria for leadership effectiveness. Other personal and person-in-job factors could be added to the research model in future research to see if they explain the variance in global mindset and leadership effectiveness. As personality traits are related to belief and attitude formation (Ajzen, 1988; Fishbein & Ajzen, 1975) they may therefore contribute to the prediction of the formation of a global mindset. Multivariate analysis revealed that a global mindset is an important factor for global leadership effectiveness but its effect should not be overestimated as also personal and person-in-job factors explain part of the variance. Our findings revealed that global travel and time spent on global business assignments are important moderating factors in enhancing the relationship between global mindset and objective leadership effectiveness.

Managers with local mindsets scored higher in terms of career success and career satisfaction than managers with global mindsets. This is probably as a consequence of their company's domestic organizational configuration and their home-country turnover responsibilities, meaning that managers with local mindsets are better meeting the expectations of their superiors than managers with other mindsets. Therefore, we support the suggestion of Chatman (1989) that a person-organization fit only occurs when the individual's abilities and values match organizational demands. For our purposes, we refer to

this as a “mindset-organization fit”, and that argue this is essential for being perceived as an effective global manager. It also supports Yukl (2002) and Stewart (1982) that effective leadership depends on the demands, constraints, and choices within the context of an organization that shapes the manager’s job.



## 7 Discussion



### 7.1 Introduction

In this final chapter, we provide an overview of the results of this thesis in the light of the research questions posed in the introduction. Rather than going into details about the particular outcomes, the overview here will be presented on a higher level of abstraction. For specific outcomes, the relevant chapter is referred to. After this overview of results in Section 7.2, that is structured based on the literature study and our field research, we discuss the contributions of this thesis to theory in Section 7.3. We believe that this study as part of the third stage of leadership research contributes to the body of knowledge on global leadership theory. A theory on the concept of a global mindset has already been suggested, but empirical studies to support research models and theory are rare. This thesis had shed some light on the concept of a global mindset and its dimensions and two other related mindsets: the local mindset and the universal mindset. The study also contributes to the knowledge on the relationship between a global mindset and leadership effectiveness. In addition, the study explored the influence of personal and person-in-job factors on global mindset which has also barely been examined in the past. The global mindset construct contains contextual issues and also conceptual issues. We will discuss these first, followed by measurement issues and the global mindset dimensions and typology. In Section 7.4, we provide an overview of the limitations of this research with respect to methodology, theory, and the research samples. In the final section, we describe the contributions of our study to practice for individuals and for organizations. We also provide a number of suggestions for further research.

## 7.2 Summary of the main findings

When reviewing the global leadership literature in Chapters 2 and 3, we found a consensus that a global mindset is important for managers when crossing many geographical and cultural borders as a consequence of an increasingly global business environment. A global mindset is reflected in strategic leadership behavior and culturally appropriate behavior. However, what a global mindset is, and how it relates to global leadership effectiveness, remains unclear. A global mindset is mostly described and defined based on conceptual studies. These often do not relate global mindset outcomes to effective leader behavior or leadership outcomes. Therefore, we conducted three field studies to identify the concept of a global mindset and its dimensions empirically, and to examine the relationship between global mindset and leadership effectiveness. The purpose of the first field study was to identify empirically global mindset and its properties. As a global mindset is often considered to be an essential global leadership quality, we conducted interviews with a number of managers with global responsibilities.

The first empirical study revealed a number of essential global leadership qualities which are described extensively in Chapter 4. First, managers with global responsibilities possess extensive global work experience, often long before they were appointed to their global leadership role. Second, as a global leader, to gain respect from people reporting to you and to inspire them with a vision on how their business is heading, global business knowledge is important for understanding what is going in the world and so is organizational knowledge to connect the global and local organizational processes of the worldwide company. Third, cross-cultural competencies are considered essential global leadership qualities by almost all the interviewees. Unlike domestic or expatriate leaders, global leaders have less opportunities to build intensive relationships with the people reporting to them. Therefore, a high level of cultural sensitivity is necessary to achieve meaningful interactions with important others. Fourth, a global mindset is often referred to as a prerequisite for leading a company from an integrated transworld perspective. Among the interviewees, there was consensus on a global mindset being a set of positive attitudes towards global and local business development, integrating global and local concerns when structuring the organization, and reconciling other perspectives and ways of responding of people as a result of their different cultural backgrounds. We identified these attitude elements as global mindset dimensions. We also uncovered a fourth global mindset dimension: the integration of all time zones in which people working for the company live. Finally, global leaders express feelings of being successful in their job in terms of career success and career satisfaction. We identified a global mindset as a personal mental construction that structures and evaluates new information based on cognitive processes. It is not only cognitive complexity and the way individuals perceive events in their business environment, but also the positive or negative evaluation that individuals attach to them and how they give them meaning. Therefore, we describe the global mindset as a set of cognitive attitudes that is

positively related to globalization processes and consists of four dimensions: business environment, organization, multiculturalism, and time zones. Based on these empirical results, we answered the first research question: *what is a global mindset?*

As described in Chapter 5, in the second field study we examined the concept of a global mindset and its dimensions in more detail. We developed an instrument to measure global mindset at the individual level and called this instrument the “Global Mindset Questionnaire”. We then tested this in a sample of employees and managers from the international division of a Dutch bank. We conducted a quantitative field study using an online survey method. After factor analysis we found two other mindsets that people may possess when working in a globalizing environment. The factor analysis also revealed that all mindsets contain three dimensions, referring to sets of certain attitudes towards an individual’s business environment, organization, and multiculturalism. Only the global mindset type also included a time dimension. Although our mindset typology is build on the shared dimensions, each type differs in the attribution of beliefs and attitudes reflected in the mindset dimensions and sub-dimensions. The mindset typology we found consists of a “global mindset” type that includes a positive set of attitudes towards integrating global and local business developments, balancing the concerns of global headquarters and local subsidiaries, reconciling perspectives of people with many different cultural backgrounds, and integrating the time zones in which people work as a result of the geographic dispersion of the business operations. The second type is the “local mindset”, characterized by a set of attitudes that are positively related to the country most familiar to the managers, mostly their home-country. Globalization is here perceived from an ethnocentric perspective, emphasizing the interests of national industries, companies, and jobs at the expense of foreign competitors and people from other cultures. The third mindset type is the “universal mindset”, emphasizing the importance of a single global market and one unified global community to achieve a higher level of economic prosperity and a sense of belonging to a stateless world. Based on the results of the quantitative field study, we constructed a revised version of the Global Mindset Questionnaire including relevant measures for the mindset typology. Thus the second research question was answered: *how can a global mindset be measured?*

The objective of the third empirical research component, as described in Chapter 6, was to study the expected relationship between a global mindset and leadership effectiveness. A second quantitative field study was conducted with a sample of 83 managers from a Dutch affiliation of a worldwide operating financial service company. We used the Global Mindset Questionnaire, developed in the second field study, and added a number of criteria to measure leadership effectiveness. We examined leadership effectiveness in terms of outcomes of actual behavior, as perceived and rewarded by their companies in terms of career success, salary growth, performance rating, plus the individual perception of managers with respect to their own career satisfaction. Career success is reflected by the number of career promotions indicating the speed of moves made up the hierarchical ladder

of an organization. The second criteria, salary growth, calculates the growth in salary related to the tenure at the organization. The third criteria is a manager's job performance that we measured by asking managers for their performance ratings over 2007, 2008 and 2009. The final criteria for leadership effectiveness that we used was career satisfaction. We view career satisfaction as a career outcome with an internal perspective, by an individual, and as a subjective evaluation of career success. We also included two groups of possible influencing factors: personal factors and person-in-job factors. We explained the research results using organizational factors related to companies operating in a globalizing environment. A research model was developed to depict the relationships that were to be investigated. Based on the literature and our earlier empirical findings, we formulated four research hypotheses to examine the relationship between global mindset and leadership effectiveness. An overview of the results of the third field study is presented in Table 7.1.

**Table 7.1** Overview of the relationships between mindsets, their antecedents, and leadership effectiveness

	Global mindset	Local mindset	Universal mindset
<i>Personal factors</i>			
Gender	0	0	0
Age	0	0	-
Marital status	0	0	0
# children	0	0	0
Education	0	0	0
Study abroad	0	0	0
<i>Person-in-job factors</i>			
Work experience	0	0	0
Global travel experience	0	-	0
Expatriate experience	+	0	+
Tenure at the organization	0	-	0
Global travel in current job	+	0	+
Time spent abroad in current job	0	0	0
Geographical scope of work	0	0	0
Formal working hours	+	0	+
<i>Leadership effectiveness</i>			
Career success	0	+	0
Salary growth	0	0	0
Performance rating	0	0	0
Career satisfaction	0	+	0
<i>Objective leadership effectiveness with moderating factors</i>			
Expatriate experience	0		
Global travel experience	0		
Global travel in current job	+		
Time spent on global business assignments	+		

+ = significant positive relationship

- = significant negative relationship

0 = no significant relationship

We concluded that the reliability of the Global Mindset Questionnaire was satisfactory as the Cronbach's alpha of the mindset typology in both studies were rather similar, although the sample size and the homogeneity in personal and person-in-job factors hindered an explanation of total variance. Although that the local mindset type had a significant relationship with career success and career satisfaction, we could not confirm the research hypotheses. As the company in our research is multidomestic and focused on home-country business, it follows that managers with local mindsets should be more successful in this company and be more satisfied with their careers than managers with global or universal mindsets.

Data analysis showed that career success, salary growth, and performance rating are objective criteria for leadership effectiveness whilst career success represents a second factor that is considered to be a subjective criteria. We conducted a number of specific regressions to assess the moderating effect of expatriate experience, global travel experience, global travel in one's current job, and time spent on global business assignments on the relationship between global mindset and objective leadership effectiveness. The results revealed that global travel in current job and time spent on global business assignments have significant effects on the relationship between global mindset and leadership effectiveness. Probably as a consequence of the relatively small number of managers with global work experience in earlier jobs, the moderating effect of expatriate experience and global travel experience could not be fully determined. We found that domestic managers without global work experience scored higher on local mindset than domestic managers with global work experience. The global managers scored higher on universal mindset than domestic managers with global work experience. These findings are in line with our expectations that global work experience reduces local mindsets and that managers who work globally are more likely to develop global for universal mindsets. Finally, global managers are evaluated more favorably in terms of performance ratings than domestic managers. Thus the third research question was answered: *what is the relationship between the individual global mindset and criteria for leadership effectiveness?*

## **7.3 Contributions to theory**

### **7.3.1 The concept of global mindset**

The contribution of this thesis to the concept of a global mindset lies in: (1) the structuring of global mindset studies, (2) the theoretical underpinning of a global mindset, (3) the operationalization and measurement of global mindset dimensions, and (4) the development of a mindset typology. These contributions were addressed in the literature study and the first two pieces of empirical research.

The first theoretical contribution is the structuring of global mindset studies. Although a



number of researchers have documented the global mindset literature based on different concepts or perspectives (Bouquet, 2005; Levy et al., 2007a), we structured the literature using distinct approaches based explicitly on globalization literature, i.e. Scholte (2005). As a consequence of globalization processes, today's business environment becomes increasingly the total world environment and this determines the complexity of a manager's job. Managers need to be aware of events and developments that transcend the borders of one country and need to develop a broader perspective on business and societal events. Therefore, globalization processes are important contextual factors and need to be studied prior to examining the concept of a global mindset. These contextual issues resonate with situational leadership models and contextual theories (Osborn et al., 2002). After categorizing conceptual and empirical studies, we identified three approaches to global mindset studies that shape the context in which the concept is described: (1) the international approach, (2) the universal approach, and (3) the multidimensional approach. The "international approach" refers to a manager's commitment to entering foreign markets. Central to this approach is perceiving the world from a single geographical and cultural point of view, often that of the manager's home country. The "universal approach" considers a global mindset as the ability to see across geographic and cultural distance, and to understand global complexity. In this notion, global means thinking from a "worldwide" geographical perspective but one in which strategic standardization and cultural uniformity are important. The underlying assumption is that national tastes and preferences are more similar than different, or that they can be made similar by providing customers with standardized products with sufficient cost and quality advantages over the national varieties that they have been used to. From this perspective, a global mindset refers to the geographic spread of a company's overseas operations and the cognitive ability of their managers to integrate global complexity as a consequence of global business. The "multidimensional approach" is characterized by a multidimensional perspective on studying the global mindset. The ultimate goal is a common worldwide approach in both corporate headquarters and geographically dispersed subsidiaries. The multidimensional approach is defined as a "transnational mentality" or a "global mindset" and is responsive to local needs while retaining global efficiency. It implies an ability to balance complex forces in pursuit of a unique strategy that blends them. Therefore, rather than centralizing or decentralizing assets and resources, global mindsets make selective decisions. The value in restructuring the global mindset literature is to deepen our understanding of the various representations and to shed some light on the conceptual confusion surrounding the construct.

The second theoretical contribution of this thesis to the concept of a global mindset is its theoretical underpinning based on attitude research. The global mindset has been studied from different perspectives and consequently, researchers vary in their description and theoretical underpinnings. Moreover, the relationship between a global mindset and observable behavior is often not explained. Therefore, we have conceptualized a global mindset as a set of cognitive attitudes towards globalization processes. Mindsets are a

means of simplifying the environment and bringing to each new experience or event a pre-established frame of reference for understanding it. In this sense, mindsets have the same functions as attitudes. An attitude is a general disposition, with a function of organizing and categorizing a complex (global business) environment. Attitudes are learned and related to past experiences with the object of the attitude. Past experiences with aspects of globalization (such as earlier global job experience) are relevant in the formation of this general disposition. In line with attitudes, the functions of global mindsets are (1) to provide a cognitive filter for scanning and understanding processes of globalization, (2) to offer a basis for noticing and interpreting global and local business and intercultural situations, and (3) to act as guidance for managerial and interpersonal behavior in order to achieve business objectives and to reconcile cultural diversity. The totality of beliefs serves as the information base that determines managerial attitudes, intentions, and behaviors. In terms of attitude theory, "cognitive complexity", that characterizes the global mindset, involves the complexity of beliefs associated with attitude objects. According to Fishbein and Ajzen (1975), more complex beliefs can be associated with more moderate attitudes: the less complex one's set of beliefs, the more extreme is one's mindset in either a positive or a negative direction. Since a global mindset represents complex beliefs, i.e. the integration of attitude objects from both global and local perspectives, managers with global mindsets are more inclined to balance the sometimes conflicting interests of global headquarters and overseas subsidiaries than managers with more extreme attitudes, who may stress the importance of local responsiveness or centralized control by global headquarters. Studying the global mindset based on the theory on belief and attitude formation provides more possibilities to understand the information processes in the minds of managers and how these relate to observable outcomes in terms of behavior, such as interpersonal communication and decision-making, and the evaluation of the observable behavior by their superiors in terms of leadership effectiveness criteria.

The third contribution to theory is the operationalization and measurement of global mindset dimensions. An attitude is expressed by an evaluation of some degree of favor or disfavor. Cognitive responses (beliefs, opinions, and ideas about the attitude object) reflect managers' cognitive processes of understanding and interpreting the global business environment. We operationalized global mindset in line with the literature on attitude measurement. As conceptual research indicates, a global mindset is often related to global leadership. Therefore, we first conducted interviews with managers in global leadership roles at an international division of a Dutch bank to identify global mindset dimensions and to develop an instrument to measure the global mindset at the individual level of analysis. The degree to which managers possess a global mindset can be measured, it is argued, by examining their attitudes towards their global business environment, their attitudes towards organizing the worldwide company, and how they perceive people with other cultural backgrounds. Based on the interview results, we constructed the first version of the Global Mindset Questionnaire, an instrument to measure global mindset and its dimensions. As

described in Chapter 5, we operationalized the global mindset concept as measurable variables representing the relevant dimensions using literature and the interview results. After analyzing the results of the qualitative field research as described in Chapter 4, we identified four global mindset dimensions. Among the interviewees, there was a consensus that a global mindset was a set of positive attitudes towards: (1) global and local business developments, (2) integrating global and local concerns when structuring the organization, and (3) reconciling other perspectives and ways of responding of people as a result of their different cultural backgrounds. We further identified a fourth global mindset dimension: the integration of all time zones in which people working for the company live because they recognize that they work in a 24-hour global business. Our operationalization of these four global mindset dimensions contributes to theory in the sense that it encompasses a large number of globalization processes, as these are perceived by managers in a consistent way.

The global mindset dimension “business environment” includes two sub-dimensions: individual perceptions regarding global and local markets, and attitudes towards societal issues. The market dimension contains the attitudes a person holds towards identification of market opportunities, competition, and economic growth, each covered by a scale in the Global Mindset Questionnaire. The identification of market opportunities refers to a manager’s point of view as the starting point of global operations. The second sub-dimension “societal issues” refers to the way individuals perceive societal events, i.e., the attitudes towards citizenship and towards the role of governments.

The global mindset dimension “organization” encompasses attitudes towards tangible and intangible elements of a company’s organizational configuration. The organization dimension consists of four sub-dimensions: (1) strategy; (2) structure; (3) process; and (4) power. The sub-dimension “strategy” addresses managers’ attitudes towards a company’s competitive strategy building. The “structure” sub-dimension concerns the company’s formal and informal interdependencies and relationships and reflects different perspectives on organizing the company’s assets and abilities. The third sub-dimension is “process” and this refers to uniformity versus uniqueness in worldwide organizational processes. It is the tension between the advantages of a global standardized approach to improving coordination versus the opportunities of local mandates to enhance customization, flexibility, and timely response to market developments. The fourth sub-dimension, “power”, concerns the balance in decision power between corporate headquarters and subsidiaries. Managers may differ in their attitudes when negotiating agreements with one another on the priorities and resources in which corporate requirements and local concerns are to be accommodated.

The global mindset dimension “culture” addresses the cultural perspective when doing business globally and consists of two sub-dimensions: (1) cultural identity and (2) cultural adaptability. The sub-dimension “cultural identity” refers to the way people perceive their own culture in relation to others. It is a function of the integration of other people’s cultural

perspectives into one's own frame of reference. The sub-dimension "cultural adaptability" refers to a willingness to accept and to work with people with different cultural backgrounds.

The global mindset dimension "time" reflects the awareness of managers of working in a business environment that encompasses basically all time zones.

The fourth contribution to global mindset theory is the development of a mindset typology that includes three mindsets: (1) the global mindset, (2) the local mindset, and (3) the universal mindset. The results of the second field study confirmed the four-dimensional construct of a global mindset. We also found that the local and universal mindset consist of three of these dimensions, but lack the time zone perspective. After the third field research activity, another factor analysis confirmed the global and local mindsets. The universal mindset was less clear in this analysis because the items representing a universal mindset fail to present themselves as a distinct concept. Before discussing this issue, we will first outline our mindset typology.

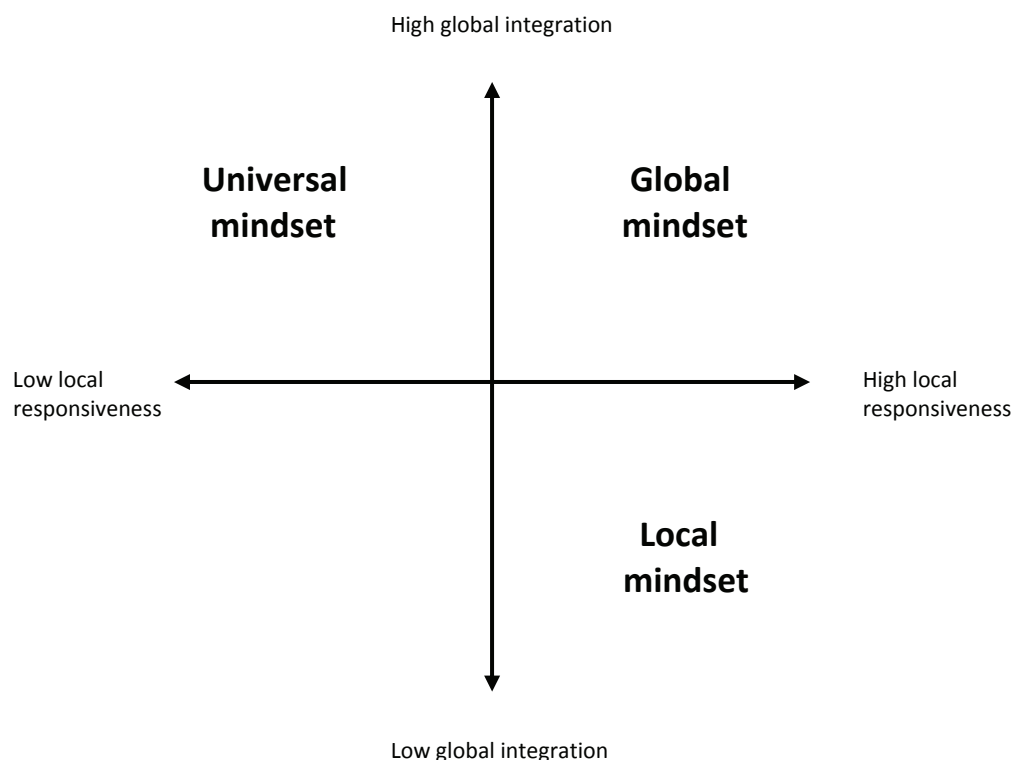
The global mindset references the multidimensional approach found in mindset studies and the representation of globalization as "respatialization" (Scholte, 2005). We describe a "global mindset" as *a multidimensional set of cognitive attitudes of an individual towards globalization processes that is positively related to balancing (1) global and local developments in the business environment; (2) organizational processes; (3) cultural differences; and (4) time zones*. Managers with a global mindset are open to local market opportunities that can be brought to the global level and vice versa. From the notion that an effective corporate strategy is built up on aligning global and local business, managers with global mindsets search for an approach to strategy formulation that integrates the perspectives of managers from both headquarters and overseas subsidiaries in a flexible coordination process of balanced decision-making. When acting in intercultural situations, people with global mindsets draw from more than one perspective which means that their own cultural values do not necessarily prevail in decision-making. When leading multicultural teams, they value other ways of working and consider the differences in cultural backgrounds of their team members as an asset in their personal development. Managers with global mindsets are willing to consider the different time zones in which their geographically dispersed (virtual) team of company members live and work.

The local mindset refers to the international approach found in mindset studies and the representation of globalization as "internationalization" (Scholte, 2005). We describe a "local mindset" as *a multidimensional set of cognitive attitudes of an individual towards globalization processes that is positively related to an ethnocentric approach in dealing with (1) global and local developments in the market environment; (2) organizational processes; and (3) cultural differences*. Managers with local mindsets have the perception that products are meant for the domestic market and only subsequently sold abroad. They expect their

government to stress the domestic interests in international and global affairs in order to protect the national industry and prevent foreign companies building a considerable market share within their borders. They stress the importance of the cultural values of their home country and evaluate intercultural situations based on a strong heritage culture identification.

The universal mindset reflects the universal approach of mindset studies and the representation of globalization as “universalization” (Scholte, 2005). We describe a “universal mindset” as *a multidimensional set of cognitive attitudes of an individual towards globalization processes that is positively related to a unified global approach in dealing with (1) global and local developments in the market environment; (2) organizational processes; and (3) cultural differences*. The universal mindset considers the world as one big market place and is in favor of a centralized corporate strategy, and working from a truly global geographical scope in which national borders are meaningless. They consider themselves “global citizens” in a stateless nation in which local communities are part of one global community. The interests of corporate headquarters prevail when formulating the company’s global strategy because of coordination and integration concerns. In Figure 7.1 (that to a certain degree resembles Govindarajan and Gupta, 2001), we present our typology of mindsets based on the distinction between global integration and local responsiveness.

**Figure 7.1**      **Typology of mindsets**



Although the first test of the Global Mindset Questionnaire, in the second piece of empirical research, revealed three distinct mindset types, the results of the third field research showed that the universal mindset partly overlaps the global mindset concept whereas the global and local mindsets are distinct concepts. There are two theoretical explanations for this overlap. The first explanation refers to the shared origins of the concept of both mindsets in globalization. As described in Chapter 2, until recently, people's social life was largely determined by the geographical boundaries of their immediate surroundings and the time to travel from one's local habitat. In fact, all people once had local mindsets and were not receptive to social relations beyond their immediate geographical scope. As a consequence of recent globalization processes and increased transworld connectivity through television and telephone etc, people have started to conceive of the world as a "global village" and have become more "global conscious". In this process of increased awareness of worldwide developments and openness to diversity, early concepts of both global and universal mindsets emerged, such as with the "worldmindedness scale" of Sampson and Smith (1957) and Perlmutter's (1969) typology of attitudes towards foreign people, ideas, and resources.

The second explanation for the overlap of global and universal mindsets addresses the global mindset dimensions. Both mindsets start from a strategic perspective that theoretically encompasses all markets and organizations worldwide (Bartlett & Ghosal, 1989; Prahalad & Doz, 1987). Like the global mindset, the universal mindset has a broad outlook on the world and globalization processes, whereas the local mindset interprets global developments from a home-country perspective and stresses the importance of domestic industries and companies. The local mindset is conceptually more closely related to the culture dimension of global mindset (Bennett & Bennett, 2004). Sometimes, this cultural perspective is considered to resemble the concept of "cosmopolitanism" (Levy et al., 2007a; Maznevski & Lane, 2003). Hence, the global and universal mindsets start from the same perspective and one that differs from the local mindset. The main difference between the two mindsets lies in the step beyond global integration. While people with universal mindsets remain drawn to centralization and uniformity, those with global mindsets accept cultural pluriformity and also balance global integration and local responsiveness. They also reconcile time zones.

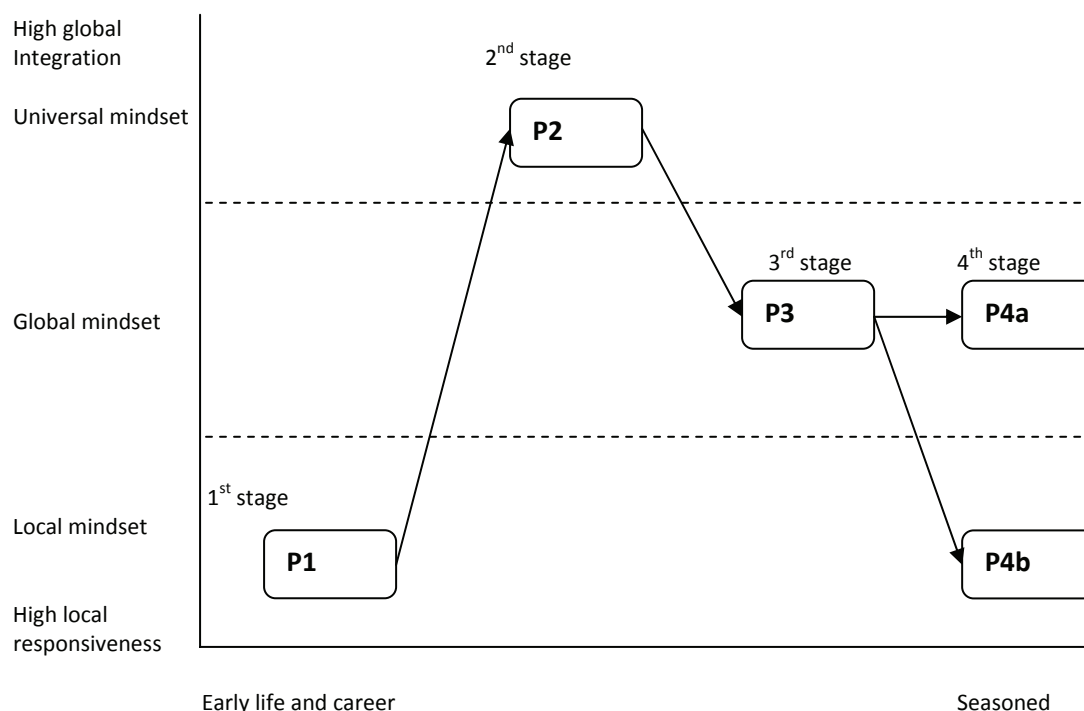
### **7.3.2 The relationship between global mindset and leadership effectiveness**

Here, we elaborate on the main findings from the third field study, as presented in Table 7.1, to describe our contribution to theory development regarding the relationship between global mindset and leadership effectiveness. We describe our theoretical contribution in the context of the third stage of global leadership research. The third stage of global leadership research, as identified in Chapter 2, provides a step forward in understanding leadership in a globalizing context. In contrast to the first and second stages, the third stage of global

leadership studies include the relationship of one or more essential leader characteristics with one or more criteria for leadership effectiveness. For our purpose, we have related a global mindset, as an essential global leadership quality, to criteria for leadership effectiveness. Our research results, as described in Chapter 6, revealed that a global mindset is an important factor for global leadership effectiveness but its effect should not be overestimated as also personal and person-in-job factors explain some of the variance. We also found that global travel and time spent on global business assignments in one's current job are important moderating factors in enhancing the relationship between a global mindset and objective leadership effectiveness. We support this theoretical discussion by formulating a number of propositions. We will now discuss: (1) stages of mindset development (2) the "mindset-organization fit", and (3) the "global career paradox".

The first theoretical extension based on our empirical findings, addresses the stages in mindset development that people may undergo in the course of their careers. We distinguish four stages in mindset development when living and working in the global arena. In Figure 7.2, we depict the developmental mindset stages that managers may go through in the course of their careers.

**Figure 7.2** Stages of mindset development



The first stage of mindset development is labelled "unconscious local". When individuals are born, their world is shaped by their immediate environment. Although people soon learn



about globalization from books, real cross-border and cross-cultural experiences are limited. We call this stage “unconscious local” because people are not aware of the complex dynamics of interdependent globalization processes. Therefore, we argue that all people are born with high local mindsets which they hold on into their early careers.

**P1.** Early life and career, people have high local mindsets.

At a certain point in time in their early career, people become more aware of a multicultural society and gain a better understanding of worldwide developments. We call this second stage of mindset development the “conscious local” because, by forming descriptive, inferential, and informational beliefs (see Chapter 3), people recognize their home-country-oriented perspective for what it is. People evaluate these beliefs in a favorable or unfavorable way and attach meaning to globalization. When people evaluate globalization processes favorably they display an increased interest in global affairs and start to establish social relationships that transcend cultural and national borders. In this process, they develop universal mindsets because they are attracted by worldwide developments and learn a lot about the world, global markets, and global companies, but they lack the direct experience of being really exposed to other people’s ways of living and responding as a result of their different cultural backgrounds. People who evaluate their beliefs about globalization processes unfavorably, are less interested in further information about globalization and do not seek cross-cultural and cross-border social relationships. They also do not display an interest in global careers. As such, these people remain their local mindsets.

**P2.** When people become more “global conscious”, they display an increased interest in global affairs and global careers in the event of a positive evaluation of beliefs and consequently, they form a universal mindset. When people evaluate beliefs unfavorably, they are less interested in global affairs and global careers. Such people remain a high local mindset.

In the third stage of mindset development, people with universal mindsets become really exposed to cross-cultural and cross-border experiences. As a result of studying, living, or working abroad (e.g. as an expatriate) or through intensive global travel experiences, they are confronted with new information about transworld social relationships and globalization processes. Following the information integration theory, their attitudes are modified by more complex beliefs. They become less “extreme” in their attitudinal response by integrating into their perspective cultural pluriformity and the ways of working in different localities. In other words, they form global mindsets. As this is a process of intensively learning what is going on, we call this developmental stage “conscious global” and this takes



place in people's late early careers or in their early mid-careers.

- P3.** When exposed to one or more expatriate assignments or a number of short term business assignments, people develop global mindsets.

People enter the fourth stage of mindset development usually in their mid-careers. In this stage, these seasoned people have learned their multicultural and cross-border business lessons in expatriate or global business assignments, and have often reached higher managerial levels in their companies with worldwide responsibilities. Based on their global work experiences, they know how to operate effectively in a global business environment and to align and inspire a geographically dispersed and multicultural workforce. Working globally is no longer a choice but an established way of living. This is the stage in which they are "unconscious global" because of their extensive experience in dealing with intercultural situations and balanced decision-making processes. Travelling abroad and global business assignments are essential elements of their current job. Not only as a consequence of their worldwide responsibilities, but also in order to remain effective as a global leader. Global travel and global business assignments are important tools to know what is going on in the regions, to connect the global with the local and vice versa, and to provide leadership to local management teams. Concurrently, they maintain their high level of global mindset.

- P4a.** When global travel and global business assignments are an essential part of the current job following expatriate experience or global travel experience, people retain their global mindsets.

However, for a number of reasons, e.g. family situations or changes in the organization, people may be forced or be willing to accept a domestic position in their current company or elsewhere. This could be a home-country or a host-country-oriented job, but the result is a work environment less affected by multicultural and cross-border affairs. Regular global travel and global business assignments are no longer part of the job characteristics. In these situations, people are not, or are less, exposed to events in the global business arena and, consequently, their global mindsets recede. When this process evolves over a relatively long time, they may even re-develop strong local mindsets.

- P4b.** When global travel and global business assignments are no longer an essential part of the current job following expatriate experience or global travel experience, people re-develop local mindsets. This will also occur if staying for a long period as an expatriate in a host-country.

The second theoretical extension addresses the “mindset – organization fit”. Although the influence of organizational factors was not explicitly measured, the results indicate that a company’s degree of internationalization and its corporate mentality towards globalization processes do influence the organizational configuration and, subsequently, the managers’ work place. The multidomestic organizational configuration of the company in our research and the home-country-oriented work place became manifest when we asked managers to indicate the geographical scope of their work. From the perspective of the company’s office in the Netherlands, relatively few managers operated at a global level and had responsibilities for global organizational processes. This largely multidomestic mentality, with an emphasis on doing profitable business mostly in the Netherlands, affects the expectations the company has of its managers. Bartlett and Ghoshal (1989) developed a typology of multinational companies based on their organizational characteristics and corporate mentality. The “Multinational” company is a decentralized network and nationally self-sufficient; the “Global” company is a centralized network, globally scaled and controlled by corporate headquarters; the “International” company organizes its competencies on both global and local scales shaped by knowledge from corporate headquarters; and the “Transnational” company is an interdependent network organization that balances centralized coordination and national responsiveness. When comparing this typology of multinational companies with our mindset typology, we propose that, to be effective, managers need a mindset that is conducive to their company’s corporate mentality and organizational configuration. In Table 7.2, we present a comparison of corporate mentalities and our mindset typology.

**Table 7.2** Overview of corporate mentalities and mindset typology in terms of mindset – organization fit

<b>Mindset</b>	Global			<b>FIT</b>
	Universal		<b>FIT</b>	
	Local	<b>FIT</b>		
		Multinational	Global	Transnational
		<b>Corporate mentality</b>		

In this overview, we excluded the “International” company because of its ambiguous meaning and difficulties in operationalizing the construct (Harzing, 2000). Somewhat confusing, the characteristics of the “Global” corporate mentality resemble the “Universal” mindset in our typology.

A “mindset – organization fit” reflects the degree to which managerial mindsets are in line with the company’s corporate mentality and organizational configuration. Corporate mentality involves a set of explicit or implicit corporate values and shared beliefs that shapes the organizational culture based on the company’s history and administrative heritage. The organizational configuration reflects the formal hierarchical structure and the formal and informal systems for processing flows of information. The mindset – organization fit becomes manifest in leadership effectiveness as perceived by the organization. Outcomes of this employee fit, such as job satisfaction, organizational commitment, and individual performance are considered as effective by their superiors. Therefore, in the case of a mindset – organization fit, managers are appraised with relatively high performance ratings, climb relatively fast up the hierarchical ladder of the organization and are relatively better rewarded than managers who do not have a mindset – organization fit and so meet the corporate expectations to a lower degree. Supervisors who appraise the jobs of their immediate report negatively and may give those individuals lower salary increments, less interesting assignments, and less recognition. Thus, a mindset – organization fit will be positively related to a high score for objective criteria of leadership effectiveness.

- P5a.** Managers with global mindsets have a high degree of fit with transnational companies and score highly on objective leadership effectiveness.
- P5b.** Managers with local mindsets have a high degree of fit with multidomestic companies and score highly on objective leadership effectiveness.
- P5c.** Managers with universal mindsets have a high degree of fit with globally centralized companies and score highly on objective leadership effectiveness.

According to Bartlett and Ghoshal (1989), multidomestic and globally centralized companies need to transform into transnational organizations because today’s globalization means that companies have to simultaneously manage global efficiency and local responsiveness in order to remain competitive. A transition process from a multidomestic organization structure to an interdependent global – local network configuration can take a long time, and is characterized by a series of changing priorities (Malnight, 1996). This transition process completely restructures the relationship between global headquarters and its subsidiaries (O’Donnell, 2000). When multidomestic and globally centralized companies want to make a successful transformation to a transworld company, they need managers with global mindsets. Although this statement has been made by a number of authors (e.g.

Gregersen et al., 1998; Pucik & Saba, 1998), it is unclear how a global mindset contributes to a company's transformation to a transworld organization. Nevertheless, we propose that managers with global mindsets contribute positively to the transformation process from a multidomestic, or globally centralized, organizational configuration to a transworld company.

**P6.** Managers with global mindsets are positively related to the transformation process from a multidomestic, or globally centralized, organizational configuration to a transworld company.

Companies need managers with global mindsets because such people have the capability to make balanced decisions in terms of global efficiency and local customization from an integrated perspective on global and local markets, and the ability to align and inspire people from many locations across the world with different cultural backgrounds. The rationale behind these qualities is to transform or “glocalize” an organization into a transworld company.

The third theoretical extension refers to the “global career paradox”. In our study, managers with local mindsets were climbing the hierarchical ladder in their company faster than managers with global or universal mindsets. As the company in our research has mostly domestic characteristics, and probably as a result of the mindset – organization fit, it offers more career opportunities for locally minded managers than managers with global or universal mindsets. This outcome is not necessarily good or bad, but it should reflect the multidomestic company's corporate strategy, leadership development objectives and HR policies. However, if a company is forced to transform itself into a transworld firm, it needs to attract or develop managers with global mindsets. Companies and individuals are confronted with two dilemmas: (1) how to develop global mindsets when the current corporate mentality and organizational configuration support local or universal mindset development, and (2) how to attract and retain managers who want to pursue a global career in terms of the third stage of global mindset development. From an organizational perspective, developing and retaining managers with global mindsets is essential for future global corporate competitiveness. From an individual perspective, managers need to balance the organization's expectations in terms of objective leadership effectiveness in the short term and the necessity of gaining expatriate and global travel experience in order to pursue a global career and become an effective global leader in the longer term. This is what we call the “global career paradox” of multidomestic and globally centralized companies: managers are not only compelled to meet the organization's expectations in terms of objective leadership effectiveness in line with of the mindset – organization fit, they also need expatriate assignments and intensive global travel experience in order to become successful global leaders in the future.

Multidomestic companies can partly overcome this global career paradox by establishing a

separate global division that transcend current organizational boundaries. The objective of this global department would be twofold. First, to contribute to the company's financial performance by rethinking the corporate strategy in one or more business lines from a perspective that integrates global and local market developments, to implement new organizational structures, systems, and processes that align geographically dispersed assets and resources, and to thrive on the different perspectives of people with other cultural backgrounds. Second, by implementing global leadership development programs based on expatriate assignments and global travel experience, the global division is able to offer to the company (starting on a limited scale and subsequently building on successful achievements). Individuals in multidomestic companies can partly overcome the global career paradox by negotiating personal development goals alongside criteria of business performance.

## **7.4 Limitations**

This study has a number of limitations when interpreting the results, which we have structured into theoretical limitations, methodological limitations, and statistical limitations. The theoretical limitations are as follows. First, the mindset typology measures general attitudes toward globalization processes whereas the leadership criteria measures more specific behaviors. A close relationship between attitudes and behavior can be expected when both measures correspond in their degree of specificity (Rosenberg, 1960). Second, the concept of global mindset contains only the cognitive category of attitudes. According to attitude theory, to gain a fuller picture of a person's evaluation of an attitude object, affective and behavioral categories of attitudes should also be included. However, the number of attitude categories to be included is dependent on the nature of the attitude object, and to the extent that people have experience with that object. It is suggested that attitudes of more tangible objects, such as spiders or snakes, possess more attitudinal components than attitudes towards intangible objects, such as politics or globalization processes (Breckler, 1984; Chaiken & Stangor, (1987). If the affective category of attitudes could be added to the concept of global mindset with a sufficient degree of affective-cognitive consistency, it would probably have higher validity as a predictor of subsequent behavior. Third, based on the theory of demands, constraints, and choices, it is possible that managers with global mindsets are constrained by the social norms of their home-oriented company (e.g. expectations from their superiors to manage organizational processes and customers that support the financial performance of the domestic affiliation). As organizational factors are only included in this research as background information and in order to theorize on our findings, we cannot provide evidence to support a relationship between organizational factors, person-in-job factors, and a global mindset.

The methodological limitations concern the criteria for leadership effectiveness, the person-in-job factors and personal factors, and the survey design. Initially, when reflecting on the

criteria for leadership effectiveness as used in this research, the distinction between objective and subjective criteria for leadership effectiveness is promising. They reflect the mindset – organization fit and the situation-based global leadership in the context of globalizing companies. Of the objective criteria, career success, as measured with the MCSI, could be used in future research. The other two objective criteria, salary growth and performance rating, appeared to be vulnerable to methodological and organizational biases. A limitation on using salary as a measure for leadership effectiveness is that societal and demographical differences between people influence the level of payments and annual increases in income (e.g. labor relations and HR policies). The use of basic income as a measure of objective leadership effectiveness is probably moderated by a number of other factors. The problem with performance rating was that the performance criteria were not specific. Therefore it was not clear which behaviors and responsibilities were considered to be effective by the managers' appraisers and whether these performance criteria could be related to global mindset. Second, the personal and person-in-job factors we used were limited because of the need to keep the questionnaire relatively short. The research results suggest that other personal or person-in-job factors, such as personality traits or cultural values, may contribute to an explanation of the variance in the formation of a global mindset. Third, the survey was self-reporting which may result in socially-desired responses, especially when asking managers to report their salary and performance ratings.

A statistical issue with respect to the study was the limited sample size (83 respondents) of the third piece field research. For reasons of data analysis, we had to split them into three subgroups making the sample sizes even smaller. While this did not unduly limit the available analytic tools, it certainly hindered the generalizability of the research findings. The samples also showed a high level of homogeneity in personal factors and person-in-job factors that hindered the examination of possible relationships.

## **7.5 Contributions to practice**

### **7.5.1 Individuals**

Besides contributions to theory development, this study also has implications for business and practicing managers. At the individual level, this thesis provides more insight into the extent to which a person possesses a global mindset, and which of the four dimensions are relatively strongly developed. It also sheds light on how to develop a global mindset in order to achieve a higher level of effectiveness in a globalizing environment. There is no unique global manager, they need a mindset that matches their company's organizational configuration and corporate mentality in doing business overseas. This study supports individual managers in uncovering whether their mindsets are more global, local, or universal, and to what degree. Subsequently, they would be able to compare their mindset with the expectations of their superiors, or to discuss their mindsets with leadership

development specialists. Individuals could also use the stages of mindset development, and the mindset – organization fit, to determine their level of mindset development. Therefore, this research also supports the formulation of learning and development goals. Not only about the current and desired mindsets, but also in terms of a specific dimension such as business environment, organization, cultural perspectives, or time zones. It would also be possible to initiate developmental actions on sub-dimensions which would be an advantage as the sub-dimensions reflect the prevailing beliefs and attitudes of each type of the mindset typology. By doing so, an individual is able to emphasize the right aspects of the right mindset in adapting to the corporate and business environment and, consequently, being more effective than those who do not.

### **7.5.2 Organizations**

Research indicates that companies make mistakes in their attempts to globalize. Building global mindsets on the executive level is an important issue: less than 5% of Managing Boards of Dutch companies include foreign executives (Jagersma, 2002). Here, the Global Mindset Questionnaire may assist in the strategic global positioning of companies. It can support top management in developing a global mindset and improving relationships with managers with other cultural backgrounds. Not only a global mindset can be of importance for companies, but also people with local and universal mindsets. Measuring the degree to which managers have a local mindset supports the examination of their “global readiness” and in developing them to “globalize”. Knowledge about universal mindsets supports companies in determining which developmental actions are required to take the next step in forming a global mindset. Our research findings indicate that global travel and global business assignments are important tools to globalize a workforce and to cultivate global mindsets.

The Global Mindset Questionnaire can also be used to identify managers with global mindsets. Here, the research findings could have a significant impact on organizations going through the transition from local to global companies. For these organizations, identifying managers with positive attitudes towards an integrated approach to global and local business environments, headquarters and overseas subsidiaries, other perspectives of people as a result of different cultural backgrounds, and multiple time zones could be highly valuable when recruiting new talent or placing current employees in global managerial positions. As one of the executives commented in the interviews: ‘If you can’t balance the local hierarchical organization and the global functional business lines you probably don’t get the respect of your colleagues. You need the right “setting” of the guy’ [E1]. An instrument that determines the level of an individual global mindset is not only important for companies in assessing global leadership potential (Pucik & Saba, 1998; Stahl, 2001), it is also a means for developing global leaders (Boyacigiller et al., 2004; Maznevski & Lane, 2003; Rhinesmith,



1996) and, therefore, it should be part of global leadership development programs (Black et al., 1999; McCall & Hollenbeck, 2002; Neary & O'Grady, 2000; Mendenhall, 2001).

As hiring, selecting, and developing managers is an important task of HR departments, the Global Mindset Questionnaire could support HR managers by improving the quality of global recruitment and global development activities. The literature asserts that companies need an increasingly global workforce, and that HR has an important role to play in the “war for talent” (e.g. Beechler & Woodward, 2009; Harvey et al., 2000, Roberts et al., 1998). The Global Mindset Questionnaire provides HR with the means to develop a system to identify, attract, and retain an adequate complement of global managers who are capable of leading the company's global business operations, while at the same, time supporting local subsidiaries. In large multinational companies this is a daunting challenge and only possible when the HR function itself fosters a global mindset. Ideally, the Global Mindset Questionnaire will support the attempts of the HR department to become a “champion” of globalization and to move away from ethnocentric views and to develop global mindsets in the organization (Pucik, 1997), and to influence at a corporate level (Novicevic & Harvey, 2004).

## **7.6 Suggestions for further research**

The global mindset is clearly a multidimensional construct. However, more research is necessary to examine this theoretical construct, its antecedents, and its outcomes. Although we have identified global mindset dimensions and have related it to leadership effectiveness, further research is necessary to improve its predictive validity. More specifically, our suggestions are as follows.

Levy et al. (2007b) ask whether a global mindset in itself is enough for effective global leadership. We support this idea because our study indicates that personal and person-in-job factors are also predictors of leadership effectiveness. Some person-in-job factors mediate the relationship between global mindset and leadership effectiveness. Therefore, we recommend expanding the research model with additional related factors. Other personal factors could be added to the research model in future research to further explain the variance in global mindset and leadership effectiveness. For example, as personality traits are related to belief and attitude formation, these may add to the predictability of global mindset development. We recommend examining the influence of personality traits on the global mindset in future research. For example, a trait like “openness to experience” may predict positive attitudes towards globalization processes. The relationship between national cultures and global mindset could also be examined. As suggested by Fisher (1988), Kefalas (1998), and Srinivas (1995), there are probably differences in global mindsets as a result of work-related values between people with different cultural origins. Srinivas (1995) states that developing global mindsets in cultures where the value preferences are for collectivism,



power-distance, uncertainty avoidance, and feminineness is probably difficult. As many developing countries are characterized by these cultural values, Srinivas' statement implies that Third World countries are at a disadvantage in global business. However, there is no empirical research available that examines the relationship between the cultural values of specific culture groups and the formation of global mindsets. Future research could usefully include cultural values as well.

The distinction between objective and subjective criteria of leadership effectiveness would contribute to future research on measuring outcomes of leadership behavior. The results on performance ratings and salary growth, raise the question as to whether these should be used as criteria in measuring leadership effectiveness. This does not imply that performance ratings as an outcome of leadership behavior are always useless, but that the evaluation system for job performance needs to be further refined before including this measure in a questionnaire. Before including salary growth as a measure of success, it is advisable to examine the reward system and the respondents' positions on the salary scales. Another suggestion is to include other potential criteria for leadership effectiveness such as the annual bonus or other discretionary financial reward instruments that are relatively not influenced by social or biographic factors. This could also contribute to the validation of the Global Mindset Questionnaire. Alongside the use of criteria for successful leadership.

Our research indicates that organizational factors shape not only a manager's work place, but also the evaluation of their success by superiors. Consequently, when a company is characterized as a multidomestic organizational configuration in terms of Bartlett and Ghoshal (1989), as a consequence of that company's market structure and administrative heritage, and when it implicitly or explicitly fosters a multinational mentality, it will be inclined to favor domestic careers and to cultivate local mindsets. And, as our study reveals, managers with global mindsets are less satisfied than managers with a local mindset. In such as situation, a company's business model emphasizes transworld coordination, an integration of global and local market opportunities, together with a desire to thrive on cultural diversity, the development of global leadership has a higher sense of urgency. Therefore we recommend retesting the Global Mindset Questionnaire in a "transnational" company where a global mindset is much more an essential global leadership quality. We would expect that the evaluation of the criteria for leadership effectiveness in such a situation will equate a "transnational mentality", that supports the development of managers, with global mindsets.





# Samenvatting

In dit proefschrift wordt verslag gedaan van een empirisch onderzoek naar attitudes van managers ten opzichte van globalisatie processen. Gekeken is hoe positief managers zijn om zowel wereldwijde als lokale ontwikkelingen als gevolg van globalisatie te integreren in hun kijk op business en de strategie en organisatie van hun bedrijf. Tevens is onderzocht hoe managers de verschillende perspectieven met betrekking tot werk en persoonlijke identiteit als gevolg van diverse culturele achtergronden van mensen in multinationale organisaties internaliseren in hun beeldvorming. Deze positieve attitude ten aanzien van het integreren van verschillende, soms tegenstrijdige, perspectieven wordt in de literatuur vaak aangeduid met “global mindset”. Om de global mindset van managers te kunnen meten is er een instrument ontwikkeld en getest, de “Global Mindset Questionnaire”. Tevens is gekeken wat de relatie is tussen global mindset en effectief leiderschap en wat de verschillen zijn tussen lokale managers en managers met wereldwijde verantwoordelijkheden. Per hoofdstuk wordt een samenvatting gegeven van de belangrijkste onderwerpen.

## 1. Inleiding

In hoofdstuk 1, de inleiding, wordt eerst het veronderstelde belang van global mindset voor organisaties en managers uitgelegd. Een global mindset is belangrijk om alert te blijven op wereldwijde en lokale ontwikkelingen en het vertalen van relevante ontwikkelingen naar effectieve strategieën en gedragen oplossingen. Hierbij is het noodzakelijk dat managers hun multiculturele medewerkers, verspreid over verschillende plaatsen in de wereld, benaderen met aansprekende thema's zodat de gecommuniceerde visie wordt gedragen door de gehele organisatie. Vervolgens wordt de motivatie voor dit proefschrift aangegeven. Die is het beter begrijpen van de relatieve invloed van global mindset op effectief leiderschapsgedrag van managers. Hierdoor wordt niet alleen een bijdrage geleverd aan de theorievorming op het terrein van attitudes van managers in de context van globalisering van bedrijven, maar ook de relevantie hiervan voor de dagelijkse praktijk. Bijvoorbeeld het verder verbeteren van de selectie en ontwikkeling van global managers. Een belangrijk doel van dit onderzoek is het ontwikkelen en testen van een instrument die de mate van global mindset van managers meet. Aangezien global mindset vaak wordt geassocieerd met global managers vanwege hun wereldwijde verantwoordelijkheden heeft dit onderzoek vooral op die doelgroep betrekking. Er zijn drie onderzoeksvragen geformuleerd die de kern van het onderzoek weergeven. Deze onderzoeksvragen zijn achtereenvolgens:

1. Wat is een individuele global mindset?

2. Hoe wordt een global mindset op individueel niveau gemeten?

3. Wat is de relatie tussen een individuele global mindset and effectief leiderschap?

Dan wordt aangegeven op welke wijze de onderzoeksvragen zullen worden beantwoord en wordt het onderzoeksmodel gepresenteerd. Hierna wordt het belang van dit onderzoek voor de wetenschap aangegeven die zich vooral richt op de theorievorming met betrekking tot de relatie tussen global mindset en effectief leiderschapsgedrag. Tevens wordt het belang van dit onderzoek voor individuele managers en organisaties besproken. De inleiding wordt besloten met een overzicht van de inhoud van de daaropvolgende hoofdstukken.

## **2. Globalisering en mondiaal leiderschap**

In hoofdstuk twee wordt eerst het begrip “globalisering” uitgelegd en de invloed hiervan op de mondialisering van leiderschap. Er worden drie perspectieven op globalisering besproken. Het eerste perspectief, “globalization as internationalization” beschouwt globalisering als het grensoverschrijdend zaken doen als een gevolg van verzadiging van de thuismarkt. Hier staat vaak de zakelijke en culturele interactie centraal tussen het thuisland en één of meerdere “vreemde” landen. Kenmerkend van deze benadering is dat internationaal zaken doen wordt benaderd vanuit het perspectief van het eigen land. Het tweede perspectief “globalization as universalization” bekijkt globalisering vanuit een wereldwijde (geografisch) perspectief. Globalisering wordt hier gezien als het verdwijnen van nationale grenzen, homogenisering van consumentenbehoeften, standaardisatie van producten en de ontwikkeling van een uniforme cultuur. Het derde perspectief, “globalization as respatialization” ziet globalisering als een “herdefiniëring” van de “sociale ruimte” waarin mensen met elkaar communiceren en zaken doen. Hiermee wordt bedoeld dat mensen sociale relaties aangaan die niet worden belemmerd door nationale grenzen en eenzijdige opvattingen als gevolg van culturele verschillen. In tegenstelling tot de universele benadering stelt dit derde perspectief culturele verschillen tussen mensen en de soevereiniteit van staten niet ter discussie. Ook wordt niet het eigen land of cultuur centraal gesteld bij het aangaan van sociale relaties. Deze opvatting van globalisering is het uitgangspunt voor het bestuderen van global mindset in dit proefschrift.

Vervolgens wordt uitgelegd hoe globalisering leiderschap beïnvloedt. Hierbij wordt tevens een onderscheid gemaakt tussen lokale, internationale en mondiale (global) managers. Hierdoor wordt duidelijk welke capaciteiten meer universeel zijn en welke meer gerelateerd zijn aan de rol van global manager. In de literatuur zijn verschillende pogingen gedaan om essentiële kwaliteiten van global managers in kaart te brengen. Deze onderzoeken kunnen in drie fasen worden onderverdeeld. De eerste fase betreft het opstellen van lijstjes met

competenties die een global manager zou moeten bezitten. Inmiddels is duidelijk geworden dat deze lijstjes bijna onuitputtelijk zijn en lijken af te hangen van de nadruk die onderzoekers leggen in de opzet van hun studies. Het is dan ook niet vreemd dat onderzoeksresultaten die wijzen op de aanwezigheid van global mindset verschillen en daarom moeilijk te vergelijken zijn. De tweede fase van global leadership studies kenmerkt zich door multidimensionale modellen waarin onderzoekers niet alleen kijken naar competenties maar ook naar andere kwaliteiten die noodzakelijk zijn voor global managers. Bijvoorbeeld kennis, persoonlijkheidsfactoren en attitudes. Deze kwaliteiten zijn opgenomen in theoretische raamwerken waarin de global mindset vaak een schakel vormt tussen persoonlijkheidsfactoren en competenties. De derde fase van global leadership onderzoek gaat nog een stap verder en relateert één of meerdere mondiale leiderschapskwaliteiten aan één of meer uitkomsten van effectief leiderschapsgedrag. Dit proefschrift is gepositioneerd op het derde niveau van de global leadership studies. Hierdoor is het tevens mogelijk om het global mindset concept te valideren waardoor de waarde in theorie en praktijk toeneemt.

### **3. Global mindset: een literatuuroverzicht**

Hoofdstuk drie begint met een overzicht van de literatuur met betrekking tot global mindset aan de hand van een aantal definities en beschrijvingen van het concept. Op basis hiervan is een driedeling gemaakt met betrekking tot de bestudering van global mindset. De “international approach” ziet global mindset als een positieve attitude ten opzichte van het betreden van nieuwe markten die gelieerd zijn aan de thuismarkt. Dat maakt deze benadering herkenbaar: steeds staat het eigen land, de thuismarkt en de aan de eigen cultuur gelieerde wijze van internationaal zaken doen centraal. De tweede benadering, de “universal approach”, beschouwt global mindset als het vermogen om de complexiteit van wereldwijde ontwikkelingen te bevatten. Hierbij is het van belang om over geografische grenzen heen te kunnen denken en de overeenkomsten te ontdekken tussen markten, organisaties en mensen. De kernwoorden hier zijn “overall” en “universeel”. Door globalisering zullen consumentenbehoeften steeds meer convergeren en zullen verschillen in voorkeuren en percepties op grond van andere culturele achtergronden verdwijnen. De derde benadering is de “multidimensional approach” die in zekere mate een combinatie is van de eerste twee benaderingen. Mensen met deze opvatting zien global mindset als een positieve attitude ten aanzien van de integratie van wereldwijde en lokale ontwikkelingen. Hierbij is het kernwoord “balanceren”. Het gaat om een balans tussen de belangen van het centrale hoofdkantoor die vanwege de behoefte aan coördinatie van alle wereldwijde activiteiten een voorkeur heeft voor standaardisatie en efficiëntie, en de wensen van de buitenlandse vestigingen met betrekking tot klantgerichtheid en productaanpassing. Het betekent ook het zoeken naar een balans tussen verschillen in opvattingen en gebruiken die mensen in de organisatie hebben als gevolg van hun diverse culturele achtergronden.

Een bron van discussie in de global mindset literatuur betreft de dimensionaliteit van het concept. Ook hier is een driedeling te maken. Een eerste groep van auteurs beziet global mindset vooral vanuit een cultuurperspectief. De kerngedachte hierbij is een onbevooroordeelde wijze van kijken naar mensen met andere culturele achtergronden. Het is gebaseerd op een grondige kennis van andere culturen, het bewust zijn van het feit dat men opereert in een multiculturele context, het accepteren van deze cultuurverschillen en de bereidheid hebben om met mensen met andere culturele achtergronden te willen werken. Een tweede groep van auteurs, afkomstig van vooral de internationale management literatuur, benadrukken de strategische aspecten van global mindset. Hier staat de gedachte centraal dat het effectief beheersen van een multinational niet meer ligt in het ontwerpen van nieuwe organisatiestructuren zoals in het verleden werd voorgesteld, maar om het aansturen van de wereldwijde organisatie op basis van flexibele bedrijfsprocessen. Hierdoor kan de multinational als geheel effectiever opereren omdat mensen en middelen overal ter wereld kunnen worden ingezet op basis van de prioriteiten die door het centrale hoofdkantoor of buitenlandse vestiging worden gesteld. De derde groep van auteurs gaan uit van een multidimensionele perspectief waarin zowel de culturele en de strategische opvattingen van global mindset zijn opgenomen.

Een ander onderdeel van hoofdstuk twee is de bestudering van het concept van global mindset. Ook hier bestaan weer verschillende opvattingen over. Global mindset wordt soms gezien als een “cognitieve structuur” of een “schema”. Dit is een georganiseerde verzameling van kennis op basis van bijvoorbeeld ervaringen met een stimuli die wordt gebruikt bij het verwerken van informatie over die stimuli. Wij zien global mindset als een cognitieve attitude vanwege de functie die het heeft in het structureren en vereenvoudigen van de complexe sociale werkelijkheid en het evaluerende aspect die onderdeel uitmaakt van het attitude concept. Aangezien het evaluatieproces uitvoerig is gedocumenteerd in de attitude theorie is het mogelijk het global mindset concept dieper te bestuderen dan in andere studies over global mindset heeft plaatsgevonden. Tevens worden attitudes vaak gebruikt om het gedrag van mensen te voorspellen. Vanwege deze relatie is het mogelijk de relatieve invloed van attitudes op uitkomsten van gedrag van managers of hun gedrag zelf te onderzoeken. Attitudes kunnen op verschillende manieren ontstaan, bijvoorbeeld fysiologische en genetische factoren, maar attitudes kunnen ook een afspiegeling zijn van de persoonlijkheid van mensen. Een andere bron is de directe of indirecte ervaring die een persoon heeft met het attitudeobject. Dit betekent dat persoonlijkheid, cultureel bepaalde waarden, demografische factoren en werkgerelateerde factoren van invloed kunnen zijn op de mate waarin global mindset zich manifesteert. In deze studie is ervoor gekozen om alleen de persoonlijke en werkgerelateerde factoren mee te nemen in het onderzoek om te voorkomen dat de vragenlijst te lang zou worden.

Tot slot van dit hoofdstuk wordt stil gestaan bij de relatie tussen global mindset en effectief mondiaal leiderschap. Het blijkt dat literatuur op dit terrein erg schaars is. Aangezien veel onderzoek over leiderschap en global mindset conceptueel van aard is blijft het onduidelijk

welke aspecten bepalend zijn voor de constructie van global mindset en het effect hiervan op effectief leiderschap. Ook ontbreekt een instrument die global mindset als een cognitieve attitude meet op individueel niveau. Hiervoor is een veldstudie noodzakelijk.

#### **4. Global mindset als een essentiële voorwaarde voor mondiaal leiderschap**

In het vierde hoofdstuk staat de eerste onderzoeksvraag “wat is een global mindset?” centraal. Aangezien zowel conceptuele als empirische studies weinig houvast geven aan het ontwikkelen van een instrument op het derde niveau van global leiderschapstudies, is besloten tot een kwalitatieve onderzoeksmethode op basis van interviews met managers met wereldwijde verantwoordelijkheden. Op deze wijze kan het concept en dimensies van global mindset empirisch in de diepte worden onderzocht. De resultaten van het kwalitatieve onderzoek geven aan dat de global mindset inderdaad een belangrijke kwaliteit is voor global managers waar zij zich onderscheiden van lokale en internationale managers. Tevens is duidelijk geworden dat de global mindset een multidimensionaal concept is, bestaande uit een wijze van kijken naar markten, naar organisaties en naar mensen met andere culturele achtergronden. Als vierde dimensie kwam het bewustzijn van het werken in een 24-uur economie aan het licht. De interviewresultaten zijn gestructureerd in op basis van vier clusters van essentiële factoren voor effectief global leiderschap: (1) mondiale werkervaring, (2) kennis van de wereldwijde organisatie en wereldwijd zaken doen, (3) interculturele competenties en (4) global mindset.

De interviewresultaten laten als eerste zien dat global managers al ruime mondiale werkervaring hadden nog voor zij benoemd werden in een leiderschapsrol met wereldwijde verantwoordelijkheden. Deze ervaring hebben zij opgedaan door middel van het wonen en werken in het buitenland als een expatriate of vanwege intensief reizen over de wereld. Mondiale werkervaring is dus een belangrijk element om benoemd te kunnen worden in een positie met wereldwijde verantwoordelijkheden. Ten tweede, om effectief te blijven als global manager is kennis van de wereldwijde organisatie en wereldwijd zaken doen noodzakelijk. Niet alleen om de wereldwijde en lokale marktontwikkelingen te begrijpen, maar ook om respect te krijgen en te houden van management teams in de regio's. Ten derde, interculturele competenties zijn essentieel om de gedragingen van mensen met andere culturele achtergronden binnen de organisatie beter te kunnen begrijpen en hierop te anticiperen. Het gaat hier niet alleen om interculturele sensitiviteit maar ook om het effectief omgaan met verschillen in opvattingen en waarden bij het samenstellen en aansturen van teams. De respondenten geven aan dat effectief communiceren met mensen essentieel is om hen te inspireren en te motiveren. Hoewel lokale managers soms ook te maken kunnen hebben met multiculturele situaties vind dit vaak plaats in een omgeving waarin mensen elkaar frequent persoonlijk ontmoeten. Global managers hebben deze luxe



niet: vaak zijn hun mensen geografisch (ver) verspreid en is intensief persoonlijk contact beperkt tot periodieke bezoeken. Global managers moeten veel meer gebruik maken van ICT oplossingen om in contact te treden met hun medewerkers en hebben daardoor veel minder mogelijkheden hun leiderschap te tonen. Dit maakt hun rol een stuk complexer dan lokale managers. Ten vierde, global managers wezen in de interviews op het belang van een wereldwijd perspectief in zaken doen, organiseren van centrale en lokale bedrijfsprocessen en aansturen van mensen met andere culturele achtergronden. Het gaat om zaken te beoordelen vanuit een houding die recht doet aan de behoeften van de specifieke locatie en de belangen van de organisatie als geheel. Hoewel het woord “global mindset” als zodanig niet altijd door de geïnterviewden werd genoemd past de betekenis die zij hieraan geven goed bij de omschrijving van het concept zoals in dit promotie onderzoek wordt bedoeld.

Tot slot geeft een aantal global managers aan dat mede dankzij een “global mindset” zij zichzelf succesvoller vinden in hun functioneren. Zij zijn zich meer bewust van verschillende factoren die van belang zijn voor een gewogen besluitvorming en welke reacties of gedragingen het beste passen bij de complexe situaties waarmee zij dagelijks worden geconfronteerd. Daarnaast zijn zij tevreden met hun werk en carrière en hebben zij de intentie om hun loopbaan te vervolgen in een mondiale context.

## **5. Instrument ontwikkeling**

In het vijfde hoofdstuk wordt het proces besproken met betrekking op de ontwikkeling van een instrument, de “Global Mindset Questionnaire”, waarmee de global mindset op individueel niveau kan worden gemeten. Tevens wordt hierdoor de tweede onderzoeksvraag “hoe wordt een global mindset op individueel niveau gemeten?” beantwoord. Op basis van de interviewresultaten en literatuur is er een groot aantal items geformuleerd die alle mogelijke dimensies van global mindset reflecteren. Vervolgens is er een online vragenlijst opgesteld en voorgelegd aan 398 managers en medewerkers van de internationale divisie van een Nederlandse bank. De resultaten van 216 respondenten zijn uiteindelijk gebruikt voor statistische analyses. De resultaten van dit kwantitatief veldonderzoek bevestigt het multidimensionale karakter van global mindset die bestaat uit vier dimensies. Dit zijn: (1) “bedrijfsomgeving”, (2) “organisatie”, (3) “cultuur”, en (4) “tijdzones”.

De eerste global mindset dimensie betreft de bedrijfsomgeving en bestaat uit twee subdimensies: “market” en “society”. De subdimensie “market” beschrijft de wijze waarop managers kijken naar wereldwijde marktontwikkelingen en bedrijfstrends en op basis waarvan zij hun visie op zaken doen bepalen. De subdimensie “society” geeft een brede blik op maatschappelijke ontwikkelingen weer, zoals het milieu, staatsburgerschap en de rol die aan overheden wordt toegekend. In de tweede dimensie, “organisatie”, staat de wijze van kijken naar de wereldwijde organisatie centraal en is opgebouwd op basis van vier subdimensies: “strategy”, “structure”, “process” en “power”. De subdimensie “strategy”

behandeld de vertaling van de visie op de bedrijfsomgeving naar strategische organisatiedoelen. De subdimensie “structure” betreft de wijze van vertalen van de strategie naar formele hiërarchische relaties tussen het hoofdkantoor en de buitenlandse vestigingen. De subdimensie “process” geeft aan hoe de centrale en lokale bedrijfsonderdelen met elkaar samenwerken, en “power” beschrijft de opvattingen over de rol van global en local managers in besluitvormingsprocessen. In de derde dimensie van global mindset staat “cultuur” centraal. Dit bestaat uit de subdimensies “cultural identity” en “cultural diversity”. “Cultural identity” is gerelateerd aan de wijze waarop mensen hun eigen culturele waarden en normen percipiëren in verhouding tot die van anderen. Met de tweede subdimensie, “cultural diversity”, wordt bedoeld de bereidheid om onbevooroordeeld samen te werken met mensen met andere culturele achtergronden. De vierde global mindset dimensie betreft “tijdzones” en heeft betrekking op het al dan niet rekening houden met tijdverschillen in de grensoverschrijdende samenwerking. Bijvoorbeeld bij het werken met geografisch verspreide (“visuele”) teams.

Op basis van factoranalyse zijn drie typen mindsets vastgesteld met elk een eigen wijze van kijken naar de sociale werkelijkheid. Dit betreft (1) de “global mindset”, de “local mindset” en (3) de “universal mindset”. De “global mindset” kenmerkt zich door een geïntegreerde perspectief op zowel wereldwijde als nationale ontwikkelingen waarbij in het kader van bedrijfsvoering afgewogen keuzes worden gemaakt. Er is dus geen sprake van het continue zoeken naar consensus, maar naar het in gezamenlijkheid besluiten wat het beste op centraal niveau kan worden georganiseerd en gecoördineerd, en welke zaken vragen om een locatie – specifieke benadering. De tijddimensie is alleen een onderdeel van de global mindset type. De “local mindset” is een set van attitudes die veel nadruk legt op de belangen van het eigen land, nationale bedrijven en vooral de nationale culturele identiteit. Deze ethnocentrische perceptie van de sociale omgeving onderscheidt zich duidelijk van de global mindset. De derde mindset type is een set van attitudes die positief staat ten opzichte van de wereld als geheel die de convergentie zoekt in markten, een voorstander is van “echte” global opererende bedrijven en verschillen tussen mensen op basis van hun culturele achtergronden bagatelliseert. Deze wat “cosmopolitische” manier van kijken naar de wereld noemen we de “universal mindset”. Op basis van deze mindset typologie is een nieuwe versie van de “Global Mindset Questionnaire” samengesteld die wordt gebruikt in het derde empirische onderzoek zoals beschreven in hoofdstuk zes.

## **6. De relatie tussen global mindset en effectief leiderschap**

In dit hoofdstuk wordt het hoofdonderzoek van dit proefschrift beschreven. Het heeft betrekking op de derde veldstudie in het kader van het derde niveau van global leadership studies. In dit kwantitatieve onderzoek wordt de Global Mindset Questionnaire opnieuw getest en worden de uitkomsten gerelateerd aan criteria voor effectief leiderschap. Tevens

zijn persoonlijke en werkgerelateerde factoren opgenomen om te kijken of deze antecedenten eventuele verschillen in de global mindset resultaten en effectief leiderschap kunnen verklaren. Hierdoor kan de derde onderzoeksvraag “wat is de relatie tussen een individuele global mindset and effectief leiderschap?” worden beantwoord. Het onderzoek is uitgevoerd in een Nederlandse vestiging van een wereldwijd opererende accountancy organisatie. Na toestemming door de Raad van Bestuur zijn 160 managers benaderd voor het invullen van een online vragenlijst. Uiteindelijk waren antwoorden van 83 managers bruikbaar voor analyses. In het begin van hoofdstuk zes wordt het onderzoeksmodel gepresenteerd die de hypothesen en van het onderzoek grafisch weergeven. Er zijn geen hypothesen geformuleerd met betrekking tot persoonlijke, werkgerelateerde en organisatiefactoren omdat deze buiten de scope van het onderzoek vallen. Aangezien het mogelijk is dat zij invloed hebben op de hoogte van de global mindset en de criteria voor effectief leiderschap worden zij wel betrokken bij de analyse van de onderzoeksresultaten. Het hoofdstuk vervolgt met een inhoudelijke beschrijving van de gebruikte persoonlijke en werkgerelateerde factoren. Tevens wordt aandacht besteed aan vier criteria die effectief leiderschap beogen te meten. De eerste is “career success” die meet in hoeverre managers succesvol zijn geweest in hun loopbaan, rekening houdend met het aantal jaren die zij voor de organisatie werken. De tweede criteria betreft “salary growth” en weerspiegelt het relatieve succes van managers met betrekking tot de groei in hun salaris, rekening houdend met het aantal jaren waarin zij voor de organisatie werkzaam zijn. De derde criteria is “performance rating” die meet wat de uitkomsten van de jaarlijkse beoordelingen van de managers zijn van de afgelopen drie jaren. De laatste criteria betreft “career satisfaction” en is meer subjectief van aard omdat er wordt vraagt naar de persoonlijke beleving van de managers ten aanzien van de tevredenheid in hun loopbaan op het moment van dit onderzoek.

Een belangrijke uitkomst van deze derde veldstudie is de mate van betrouwbaarheid van de “Global Mindset Questionnaire”. De Cronbach’s alpha voor de drie onderzochte mindset typen zijn vergelijkbaar met de berekening uit de eerste test zoals beschreven in het vijfde hoofdstuk. Hierdoor heeft het instrument aan kracht gewonnen. Aanvankelijk zijn twee groepen managers geformeerd: lokale managers met de assumptie dat zij geen global werk ervaring hebben, en global managers die wel mondiale werkervaring hebben. Door het creëren van twee groepen kunnen eventuele verschillen in mindset en effectief leiderschap beter zichtbaar worden gemaakt. Tijdens analyse van de onderzoeksresultaten bleek echter dat een groot deel van de lokale managers ook global werk ervaring hebben. Daarom werd de groep lokale managers opgesplitst in twee subgroepen: een subgroep zonder global werk ervaring en een subgroep met global werkervaring. De onderzoeksresultaten laten zien dat de managers voor wat betreft demografische factoren veel overeenkomsten vertonen. Het is dan ook niet verrassend te constateren dat er geen significante invloed van persoonlijke factoren op global mindset is gevonden. Dat wil niet zeggen dat er in het algemeen geen invloed is van persoonlijke factoren op global mindset. Hierover bestaat pas meer

duidelijkheid als het onderzoek is herhaald in een omgeving waarin veel diversiteit bestaat in demografie. Er is wel een significant verband tussen werkgerelateerde factoren en global mindset. Ervaring als expatriate draagt bij aan de hoogte van global en universal mindsets, maar ook intensieve buitenlandse zakenreizen dragen hieraan bij. Daarnaast blijkt het opdoen van global werk ervaring de hoogte van local mindsets te reduceren. Er zijn aanwijzingen dat organisatiefactoren van invloed kunnen zijn op de relatie tussen werkgerelateerde factoren en global mindset. De multinationale organisatie waarin de managers uit het onderzoek werkzaam zijn kenmerkt zich door het gunnen van een relatieve vrijheid aan de kantoren in de landen waarin het bedrijf is gevestigd. Deze “multidomestic” organisatie configuratie heeft in zich dat zij local mindsets bewust of onbewust stimuleren. Deze min of meer ethnocentrische strategie vormt het kader waarin verschillende business units, afdelingen en managementfuncties opereren en daarmee ook de werkgerelateerde factoren.

Bij het testen van de relatie tussen global mindset en effectief leiderschap blijkt dat in de onderzochte organisatie local mindset verband houdt met career succes als criteria voor succesvol leiderschap. In het onderzochte bedrijf maken managers met local mindsets relatief sneller promotie dan managers met een global of universal mindset. Hier lijken organisatiefactoren eveneens een rol te spelen. De analyse kon geen relatie aantonen tussen global mindset en salariscroei. Dit kan te maken hebben met de salarisstructuur in de organisatie die gerelateerd is aan het beoordelingssysteem en daarnaast een maximum per salarisschaal kennen. Naast salariscroei kon er tevens geen relatie tussen global mindset en beoordelingsuitkomsten (performance ratings) worden gevonden. Ook hier bleken de uitkomsten nogal rond het gemiddelde te hangen waardoor de variantie te beperkt was. Met betrekking tot de vierde criteria van effectief leiderschap vonden we een positief verband tussen local mindset and career satisfaction. Ook hier lijken organisatiefactoren weer belangrijk. Regressie analyse laat zien dat persoonlijke en werkgerelateerde factoren meer invloed hebben op effectief leiderschap dan global mindset. Het belang van mindsets in leiderschapsontwikkeling moet daarom niet worden overschat.

Vervolgens is onderzoek gedaan naar mogelijke interacties die de relatie tussen global mindset en objectieve criteria voor effectief leiderschap beïnvloeden. Een aantal regressie analyses wijst inderdaad op de aanwezigheid van modererende variabelen. Zo blijkt dat wanneer business trips een belangrijk onderdeel zijn van het huidige werk van managers, er een significante relatie bestaat tussen global mindset en objectieve criteria van effectief leiderschap. Hetzelfde geldt voor de tijd die wordt besteed aan opdrachten in het buitenland. Als er meer tijd wordt doorgebracht in het buitenland is er een significante relatie tussen global mindset en objectieve criteria van effectief leiderschap.

Met betrekking tot verschillen in mindsets en effectief leiderschap tussen managers valt op dat de subgroep lokale managers zonder global werk ervaring significant verschilt in local

mindset met de lokale managers met global werk ervaring. Dit bevestigt het beeld dat expatriate ervaring een belangrijke factor is in het “globaliseren” van managers. Daarnaast verschillen de global managers significant met lokale managers zonder werkervaring in universal mindsets. Mogelijk speelt hier de rol van wereldwijd reizen voor zaken een rol. Tot slot blijken global managers over het algemeen betere beoordelingen te krijgen dan de lokale managers zonder global werk ervaring. Ook is de relatieve salarisgroei bij de global managers hoger dan hun collegae.

## **7. Discussie**

In dit laatste hoofdstuk wordt teruggekeken op de literatuurstudie en de drie veldstudies. Als eerste wordt een overzicht gegeven van de belangrijkste vindingen uit met betrekking tot de interviews en de twee kwantitatieve onderzoeken. Vervolgens wordt de bijdrage van dit proefschrift aan de theorie besproken. Ten aanzien van het concept van global mindset heeft dit promotie onderzoek vier bijdragen geleverd. Deze bijdragen hebben betrekking op (1) de structurering van de global mindset studies, (2) de theoretische onderbouwing, (3) de operationalisatie en meting van het concept, en (4) de ontwikkeling van een global mindset typologie. Ten aanzien van de relatie tussen global mindset en effectief leiderschap in het kader van de derde fase van global leiderschap onderzoek zijn er drie theoretische uitwerkingen opgesteld. Deze uitwerkingen zijn gebaseerd op de resultaten van het derde empirische onderzoek en hebben betrekking op (1) een raamwerk met betrekking tot global mindset ontwikkeling, (2) de identificatie van een “mindset – organization fit”, en (3) een “global career paradox”.

De eerste bijdrage met betrekking tot het concept van global mindset betreft de structurering van de global mindset studies op basis van de globalisatie literatuur. Aangezien er vele opvattingen over global mindset zijn, bestaan er verschillende concepties over wat een global mindset is en waar het uit bestaat. Op basis van drie onderliggende representaties van globalisering zijn de uiteenlopende opvattingen geclusterd en theoretisch verklaard. Ten tweede is op basis van de attitude theorie het concept van global mindset in detail beschreven en is de relatie met concreet gedrag aangegeven, mede dankzij een kwalitatieve veldstudie. Hierdoor heeft het concept meer handen en voeten gekregen. De derde bijdrage van dit onderzoek ligt in het operationaliseren en meetbaar maken van het concept op basis van een uitgebreide literatuurstudie en een kwantitatief onderzoek. Het resultaat is de ontwikkeling van een instrument, de “Global Mindset Questionnaire”. De vierde bijdrage betreft de beschrijving en meting van twee gelieerde mindsets, de “local mindset” en de “universal mindset” en de ontwikkeling van een global mindset typologie.

De eerste van de drie theoretische uitwerkingen betreft het ontwerp van een raamwerk met betrekking tot global mindset ontwikkeling. Dit raamwerk is gebaseerd op de veronderstelling dat alle mensen worden geboren met een “local mindset”. Op een bepaald

moment in het leven worden zij meer “global bewust”. Wanneer deze bewustwording positief wordt geëvalueerd raken deze personen meer geïnteresseerd in wereldwijde ontwikkelingen en ontstaan er een behoefte stappen te zetten richting het overschrijden van geografische en culturele grenzen. Hierdoor zal een local mindset zich ontwikkelen tot een universal mindset. Wanneer mensen een zekere periode buitenlandervaring hebben opgedaan, bijvoorbeeld als een expatriate of door middel van intensieve business trips, ontstaat er een global mindset. Deze global mindset blijft behouden tenzij personen ervoor kiezen of door omstandigheden worden gedwongen terug te keren in een locale rol zonder of met weinig noodzaak over de grenzen te opereren. Hierdoor kan opnieuw een local mindset ontstaan. De tweede theoretische uitwerking verwijst naar de “mindset – organization fit”. Aangezien uit het onderzoek blijkt dat managers met local mindsets die werken in vooral op Nederland gerichte bedrijven effectiever gevonden worden en meer tevreden met hun carrière zijn dan global managers, wordt verondersteld dat zij een betere “fit” met hun organisatie hebben. Hierop voortbouwend wordt gesteld dat managers met een global mindset een betere fit hebben met bedrijven die een “transworld” organisatorische configuratie hebben, managers met een local mindset beter passen bij een “multidomestic” georganiseerd bedrijf, en managers met een universal mindset effectiever zijn in “globally centralized” onderneming. De derde theoretische uitwerking stelt de “global career paradox” centraal. Deze paradox beschrijft een dilemma die van toepassing is op zowel bedrijven als mensen in vooral multidomestic organisaties. Om op korte termijn effectief te blijven in de organisatie is het van belang dat de global manager tegemoet komt aan de ethnocentrische verwachtingen van de op de thuismarkt gerichte organisatie voor wie wereldwijd actief zijn minder of niet belangrijk is. Echter, om global manager te worden of op lange termijn effectief te blijven als global manager is het noodzakelijk om op intensieve schaal buitenlandervaring op te doen. De drie theoretische uitwerkingen dragen bij aan een verdere theorievorming omtrent mondiaal leiderschap en global mindset als een belangrijke eigenschap van effectieve global managers.

Het laatste deel van hoofdstuk zeven beschrijft de beperkingen die in gedachte moet worden gehouden bij het bestuderen van de onderzoeksresultaten. Deze beperkingen zijn van theoretische, methodologische en statistische aard. Tot slot wordt de bijdrage van dit promotie onderzoek beschreven voor organisaties en individuen en worden suggesties gedaan voor vervolgonderzoek.



## Appendices





## Appendix A

### Differences in environment and essential qualities between leadership roles

	Domestic leader role	Expatriate leader role	Global leader role
Environmental factors	Living and working in home country  Political, economic, and societal environment of home country	Living and working in host country  Political, economic, and societal environment of host country	Living in home and/or host country, working in various countries  Political, economic, and societal environment of home and various other countries
Business factors	Responsibility for domestic business Local domestic market Translate home country customer demands to local business opportunities Local business objectives	Responsibility for host country business Local foreign market Translate host country customer demands to local business opportunities Local business objectives	Responsibility for business(line) of the whole MNC Global markets Translate global and local customer demands to local and global business opportunities Local and global business objectives Working in a 24-hour business
Organizational factors	Establish and maintain relationships within head office  Direct and intensive relationships with home country staff Employees mostly within one organizational location Understands processes within head office  Part of local politics  Operates within hierarchical structure of one local organization	Establish and maintain relationships between one subsidiary and head office Direct and intensive relationships with host country staff  Employees mostly within one organizational location Understands processes within the subsidiary  Part of local and head office politics Operates within hierarchical structure of a local organization and between the local organization and head office	Establish and maintain a network between all subsidiaries and head office Indirect and distanced relationships with home country staff and various host countries Geographically dispersed employees across the multinational organization Understands processes within subsidiaries and head office Part of all local and head office politics Operates within hierarchical structure of all local organizations and head office
Cultural factors	Home culture Relatively low cross-cultural sensitivity One of the locals  Understands home country ways of working Leading mostly employees with similar cultural values	One foreign culture Very sensitive to one foreign culture Tends to become one of the locals Understands host country ways of working Leading employees with cultural values that originally differ from the leader's values	Many foreign cultures Sensitive to many foreign cultures Many quick and diverse contacts  Understands various local priorities Leading (distanced) employees with multicultural backgrounds

## Appendix B

### Global Mindset Questionnaire (first version)

#### A. Environment

1. Society			
	<i>Global</i>	<i>Local</i>	<i>Transnational</i>
1.2	I am a world citizen	I am a citizen of the country most familiar to me	I am both a world citizen and a citizen of one or more countries
1.3	National borders are meaningless, we live in one world	I consider it to be a disgrace when foreigners buy our land and buildings	I believe our 'interlinked' world is a balance of contradictory forces that are to be appreciated, pondered, and managed
1.4			
1.5	I prefer one global community	I prefer the community most familiar to me	Local communities are part of one global community
1.6			
1.7	I support one government that sets the rules for all governments	I support a government that stresses the interests of the country most familiar to me	I support a government that connects many governments in the world
1.8	I worry about global warming	I like to see my home town clean	Worldwide sustainability starts with my own environment
1.9	I like to read foreign books	I like to watch local news	I enjoy reading local newspapers in almost every place I visit in the world

2. Market			
	<i>Global</i>	<i>National</i>	<i>Transnational</i>
2.1	I scan markets globally for business opportunities	The starting point for searching business opportunities is my home market	Scanning markets for business opportunities is a simultaneous global – local process
2.4	I support companies that are truly global	I support companies from the country most familiar to me	I support companies that are global in scope and foster local economies simultaneously
2.5	I run into the same competitors wherever I go around the world	Competitors are always companies originally from one particular country	Global operating companies could effectively compete with real domestic companies
2.6	I am in favor of one free world economy	Eventually, competition comes down to local supply and demand	Global competition strengthens a company's competitive positioning in a particular country
2.7	Only companies that operate globally will survive	Only companies that understand a domestic market will survive	Only companies that integrate globally standardized products with local customer preferences will survive

#### B. Company

3. Strategy			
	<i>Global</i>	<i>National</i>	<i>Transnational</i>
3.1	I support one global strategy that applies to all subsidiaries	I am fully committed to a company's domestic strategy	Local strategies are part of one global strategy
3.4	A worldwide scope of business activities is not a matter of choice but a prerequisite to survive	Local business determines a corporate global strategy	Integration of a global and local corporate strategy is a prerequisite to survive

3.5	New products are designed with the global market in mind	Products should be designed for domestic markets	Local products could be standardized globally
3.6	I prefer a corporate strategy that fosters global cost efficiency	I prefer a corporate strategy that stresses adaptation of products to local customer demands	I prefer a company's strategy that integrates global cost efficiency and domestic market adaptation
3.7	Only headquarters should determine a worldwide strategy	Subsidiaries should determine strategies for their specific market, independent from global headquarters	Strategy making involves global headquarters and all subsidiaries

4. Structure			
	<i>Global</i>	<i>National</i>	<i>Transnational</i>
4.1			
4.2	Headquarters should play a dominant role globally and locally	Subsidiaries should be working independently from global headquarters	The role of global headquarters and subsidiaries should depend on global and local market circumstances simultaneously
4.3	I prefer a company that is organized as a global network	I prefer a company that is organized as an independent network	I prefer a company that is organized as an interdependent network
4.4	Global headquarters needs to issue standard guidelines to structure the relationship between headquarters and its subsidiaries	Subsidiaries should decide what guidelines from global headquarters they adopt	Formal guidelines support interdependency between global headquarters and all subsidiaries
4.5			
4.6	I regard foreign subsidiaries as delivery pipelines to a unified global market	I regard foreign subsidiaries as a portfolio of independent business	I regard foreign subsidiaries as essential assets within a network of interdependent relationships
4.7	I regard the role of subsidiaries as implementing global headquarters' strategies	I regard the role of subsidiaries as sensing and exploiting local opportunities	I believe foreign subsidiaries have differentiated roles depending on market demands
4.8	Knowledge should be retained at global headquarters	Knowledge should be developed and retained within each subsidiary	Knowledge should be shared within the whole worldwide company

5. Process			
	<i>Global</i>	<i>National</i>	<i>Transnational</i>
5.3	Subsidiaries should depend on organizational processes from global headquarters	Subsidiaries' organizational processes should be independent from global headquarters	Organizational processes within a multinational company should foster interdependency between global headquarters and subsidiaries
5.4	I manage organizational processes based on my experience and knowledge of global headquarters	I manage organizational processes based on my experience and knowledge of a subsidiary	I manage organizational processes based on my experience and knowledge of global headquarters and subsidiaries of a company
5.5	I am in favor of central control of worldwide operations	I support informal control between headquarters and national subsidiaries	I support multiple and flexible coordination processes within the whole worldwide company

6. Power			
	<i>Global</i>	<i>National</i>	<i>Transnational</i>
6.1	Global headquarters' interests always prevail	The interests of foreign subsidiaries always prevail	The interests of global headquarters and subsidiaries should be taken into consideration simultaneously
6.2	Perspectives of global headquarters prevail in corporate decision making	Perspectives of local management prevail in corporate decision making	Corporate decision making require participation of managers from both global headquarters and subsidiaries

6.3	Managers from global headquarters need to convince managers from subsidiaries about their market vision	Managers from subsidiaries need to convince managers from global headquarters about their market vision	Managers from global headquarters and local subsidiaries need to build jointly a shared market vision
6.4	Headquarters should control all worldwide operations with clear policies	Foreign subsidiaries should operate as autonomously as possible	Trusting foreign management by delegating responsibility is more effective than controlling them with policies
6.5	Decision making is a formal management process of tight control from headquarters	Decision making is an informal headquarters – subsidiaries management process	Decision making is a complex management process of coordination and cooperation

### C. Culture

7. Cultural Identity			
	<i>Global</i>	<i>National</i>	<i>Transnational</i>
7.1	My culture's way of life should be a model for the rest of the world	I evaluate situations in other cultures based on my own culture	I evaluate situations in my own culture based on my experience and knowledge of other cultures
7.2	I like to convince people from other cultures of the advantages of my culture	Although there are differences between cultures, I prefer my own culture	Although I am a member of my own culture, I am nearly as comfortable in one or more other cultures
7.3	I am in favor of one global culture that is related to my own culture	I accept differences that exist between myself and people from other cultures	I am not in favor of one particular culture
7.4			
7.5	It makes no sense to evaluate situations from various cultural perspectives, we are all humans, after all	It is better to leave the evaluation of cultural situations to people coming from that particular culture	In evaluating an intercultural situation, one should draw from more than one cultural perspective
7.6	The rest of the world should look to my culture for answers in solving their problems	It is appropriate that people from other cultures do not necessarily have the same values and goals as people from my own culture	I feel I am a member of a combination of cultures

8. Cultural Adaptability			
	<i>Global</i>	<i>National</i>	<i>Transnational</i>
8.1	Team members from other cultures should adopt perspectives based on one culture	Team members could work together more effectively when they have all the same cultural backgrounds	The different perspectives of my team members as a result of their various cultural backgrounds are an asset to my personal development
8.2	People from other cultures are not as open-minded as people from my own culture	It is difficult to build trust among team members when they have other cultural backgrounds	It is very important to build trust among team members because they have other cultural backgrounds
8.3	Nationality is never an issue when promoting a person into an important senior management position as long as this person accepts my country's values	When promoting a person into an important senior management position it is important that this person is a country – national	Nationality should never be an issue when promoting a person into an important senior management position
8.4	I support a CEO in my company that comes from another culture when this person accepts my culture	I do not support a CEO in my company that comes from another culture	I support a CEO in my company that comes from another culture

## D. Time

9. Time Zones + Long Term Time Perspective			
	<i>Global</i>	<i>National</i>	<i>Transnational</i>
9.1	I expect my company members to adopt their time schedules when working globally	It is impossible to adjust time schedules of team members working globally	I balance time schedules of my company members and myself when working globally
9.3	Local subsidiaries should respond immediately to global headquarters	Global headquarters should adapt their operations to local subsidiaries' time lines	Doing business globally means focusing on deadlines of global headquarters and local subsidiaries simultaneously
9.4	Local subsidiaries should stay close to global headquarters' deadlines	Global headquarters hinders prompt adaptation to local business	Global headquarters and local subsidiaries need to coordinate their time schedules



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